

Independent Auditors' Reports as
Required by Title 2 U.S. *Code of
Federal Regulations* Part 200, *Uniform
Administrative Requirements, Cost
Principles, and Audit Requirements for
Federal Awards* and Chapter 10.650,
Rules of Auditor General of the State of
Florida, and the Florida Single Audit
Act and *Government Auditing
Standards* Information

Lynn University

June 30, 2023

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Lynn University

Report on the financial statements**Opinion**

We have audited the financial statements of Lynn (the "University"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2023 and 2022, 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 of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The financial responsibility supplementary schedule, as required by the United States Department of Education's (ED) Final Rule: Student Assistance General Provisions, Federal Family Education Loan Program, and William D. Ford Federal Direct Loan Programs, and the schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the Florida Single Audit Act (Section 215.97, Florida Statutes), and Chapter 10.650, Rules of the Auditor General of the State of Florida, are presented for purposes of additional analysis and are not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the

underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2023 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.

Grant Thornton LLP

New York, New York
October 20, 2023

Lynn University

STATEMENTS OF FINANCIAL POSITION

June 30,

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 18,619,562	\$ 22,397,066
Student accounts receivable, net	1,490,910	1,014,447
Other receivables	2,718,944	1,369,618
Contributions receivable, net	1,681,965	1,804,649
Interest in estate trust	2,682,024	5,152,705
Prepaid and other assets	5,198,216	1,410,583
Student notes receivable, net	2,490,397	2,308,661
Investments	42,793,262	39,451,431
Financial derivatives	-	735,021
Property, plant and equipment, net	<u>127,398,184</u>	<u>126,410,054</u>
Total assets	<u>\$ 205,073,464</u>	<u>\$ 202,054,235</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 5,721,382	\$ 3,198,624
Accrued salaries, wages and other benefits	5,372,871	4,921,814
Deferred revenue	13,950,758	14,392,719
Lease obligations	1,993,473	1,566,014
Bonds and loans payable	47,770,500	50,377,105
Other liabilities	<u>1,098,152</u>	<u>692,325</u>
Total liabilities	<u>75,907,136</u>	<u>75,148,601</u>
Commitments and contingencies		
Net assets		
Net assets without donor restrictions	87,915,011	83,349,995
Net assets with donor restrictions	<u>41,251,317</u>	<u>43,555,639</u>
Total net assets	<u>129,166,328</u>	<u>126,905,634</u>
Total liabilities and net assets	<u>\$ 205,073,464</u>	<u>\$ 202,054,235</u>

The accompanying notes are an integral part of these financial statements.

Lynn University

STATEMENTS OF ACTIVITIES

Year ended June 30, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating			
Revenues, gains and other support:			
Student tuition and related fees, net	\$ 77,367,934	\$ -	\$ 77,367,934
Residence-hall room and board fees, net	14,384,085	-	14,384,085
Total tuition, fees, room and board, net	91,752,019	-	91,752,019
Contributions of cash and other financial assets	110,741	1,200,061	1,310,802
Contributions of nonfinancial assets	-	28,939	28,939
Federal and state grants	830,000	-	830,000
Campus store sales	321,361	-	321,361
Camps and conference income	2,622,912	-	2,622,912
Miscellaneous income	3,415,443	-	3,415,443
	99,052,476	1,229,000	100,281,476
Endowment support to operations	-	2,556,406	2,556,406
Net assets released from restrictions	3,163,244	(3,163,244)	-
Total revenue, gains and other support	102,215,720	622,162	102,837,882
Expenses			
Instruction	26,334,389	-	26,334,389
Academic support	8,013,064	-	8,013,064
Student services	24,929,670	-	24,929,670
Institutional support	23,782,336	-	23,782,336
Auxiliary	19,586,648	-	19,586,648
Total expenses	102,646,107	-	102,646,107
Change in net assets before other changes	(430,387)	622,162	191,775
Non-operating			
Contributions of cash and other financial assets	-	1,465,141	1,465,141
Investment (loss) income, net	314,970	1,537,796	1,852,766
Other investment (loss) income, net	914,083	-	914,083
Gain on financial derivatives	919,444	-	919,444
Loss on debt extinguishment	(552,109)	-	(552,109)
Gain (Loss) on disposal of property, plant and equipment	26,000	-	26,000
Endowment support to operations	-	(2,556,406)	(2,556,406)
Net assets released from restrictions	3,373,015	(3,373,015)	-
CHANGE IN NET ASSETS	4,565,016	(2,304,322)	2,260,694
Net assets at beginning of year	83,349,995	43,555,639	126,905,634
Net assets at end of year	\$ 87,915,011	\$ 41,251,317	\$ 129,166,328

The accompanying notes are an integral part of these financial statements.

Lynn University

STATEMENTS OF ACTIVITIES

Year ended June 30, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating			
Revenues, gains and other support:			
Student tuition and related fees, net	\$ 73,843,291	\$ -	\$ 73,843,291
Residence-hall room and board fees, net	13,532,002	-	13,532,002
Total tuition, fees, room and board, net	87,375,293	-	87,375,293
Contributions of cash and other financial assets	417,918	755,221	1,173,139
Contributions of nonfinancial assets	-	426,117	426,117
Federal and state grants	3,341,914	-	3,341,914
Campus store sales	361,084	-	361,084
Camps and conference income	2,127,849	-	2,127,849
Miscellaneous income	1,114,545	-	1,114,545
	94,738,603	1,181,338	95,919,941
Endowment support to operations	-	2,411,301	2,411,301
Net assets released from restrictions	2,810,538	(2,810,538)	-
Total revenue, gains and other support	97,549,141	782,101	98,331,242
Expenses			
Instruction	23,038,047	-	23,038,047
Academic support	7,817,901	-	7,817,901
Student services	22,413,755	-	22,413,755
Institutional support	21,863,283	-	21,863,283
Auxiliary	17,892,160	-	17,892,160
Total expenses	93,025,146	-	93,025,146
Change in net assets before other changes	4,523,995	782,101	5,306,096
Non-operating			
Contributions of cash and other financial assets	-	3,274,240	3,274,240
Investment (loss) income, net	(336,394)	(2,466,889)	(2,803,283)
Other investment (loss) income, net	(707,205)	-	(707,205)
Gain on financial derivatives	2,455,065	-	2,455,065
Loss on debt extinguishment	-	-	-
Gain (Loss) on disposal of property, plant and equipment	(1,486,508)	-	(1,486,508)
Endowment support to operations	-	(2,411,301)	(2,411,301)
Net assets released from restrictions	3,756,151	(3,756,151)	-
CHANGE IN NET ASSETS	8,205,104	(4,578,000)	3,627,104
Net assets at beginning of year	75,144,891	48,133,639	123,278,530
Net assets at end of year	<u>\$ 83,349,995</u>	<u>\$ 43,555,639</u>	<u>\$ 126,905,634</u>

The accompanying notes are an integral part of these financial statements.

Lynn University

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2023

	Instruction	Academic Support	Student Services	Institutional Support	Auxiliary	Total
Compensation						
Salaries and wages	\$ 17,245,705	\$ 4,288,609	\$ 10,616,199	\$ 9,344,110	\$ 4,290,868	\$ 45,785,491
Benefits	3,679,676	998,518	2,439,402	2,968,482	930,915	11,016,993
Total compensation	<u>20,925,381</u>	<u>5,287,127</u>	<u>13,055,601</u>	<u>12,312,592</u>	<u>5,221,783</u>	<u>56,802,484</u>
Other expenses						
Depreciation and amortization	673,655	562,346	989,211	2,280,273	2,427,235	6,932,720
Food expense	110,506	64,605	597,341	82,694	5,052,160	5,907,306
Repair and maintenance	1,290,910	407,512	934,009	974,232	2,200,665	5,807,328
Advertising and promotion	41,758	849	532,437	1,384,023	367	1,959,434
Occupancy	747,302	261,661	528,923	147,290	1,446,258	3,131,434
Office expenses	334,456	135,770	648,489	647,905	418,504	2,185,124
Professional fees	193,593	9,363	94,539	1,570,157	-	1,867,652
Insurance	551,058	308,172	890,957	152,571	1,540,862	3,443,620
Travel	336,185	64,669	1,416,730	99,483	130,929	2,047,996
Semester and short-term study abroad	687,426	-	12,259	-	-	699,685
Software	3,430	261,377	44,103	2,287,380	8,556	2,604,846
Student programming	-	81,505	496,375	653	9,623	588,156
Recruiting	48,229	51,380	3,626,144	208,810	8,809	3,943,372
Interest	233,717	155,811	296,882	130,686	779,056	1,596,152
Miscellaneous	156,783	360,917	765,670	1,503,587	341,841	3,128,798
Total other expenses	<u>5,409,008</u>	<u>2,725,937</u>	<u>11,874,069</u>	<u>11,469,744</u>	<u>14,364,865</u>	<u>45,843,623</u>
TOTAL EXPENSES	<u>\$ 26,334,389</u>	<u>\$ 8,013,064</u>	<u>\$ 24,929,670</u>	<u>\$ 23,782,336</u>	<u>\$ 19,586,648</u>	<u>\$ 102,646,107</u>
Fundraising and Institutional Advancement (included in Institutional Support)	<u>\$ 4,911,593</u>					

The accompanying notes are an integral part of this financial statement.

Lynn University

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2022

	Instruction	Academic Support	Student Services	Institutional Support	Auxiliary	Total
Compensation						
Salaries and wages	\$ 15,576,840	\$ 4,186,396	\$ 10,206,620	\$ 8,060,931	\$ 3,676,189	\$ 41,706,976
Benefits	3,261,063	981,522	2,394,571	2,593,141	922,162	10,152,459
Total compensation	<u>18,837,903</u>	<u>5,167,918</u>	<u>12,601,191</u>	<u>10,654,072</u>	<u>4,598,351</u>	<u>51,859,435</u>
Other expenses						
Depreciation and amortization	704,635	636,580	1,082,519	2,357,647	2,723,855	7,505,236
Food expense	62,828	63,473	255,878	37,317	4,885,514	5,305,010
Repair and maintenance	1,046,349	335,670	920,106	788,567	1,766,262	4,856,954
Advertising and promotion	30,414	31,762	566,615	1,202,366	180	1,831,337
Occupancy	483,670	182,315	375,224	301,806	1,063,910	2,406,925
Office expenses	171,661	126,263	372,193	726,254	267,873	1,664,244
Professional fees	174,898	79,555	155,334	1,507,956	3,146	1,920,889
Insurance	524,982	277,253	747,528	178,217	1,386,266	3,114,246
Travel	220,848	25,579	1,094,207	49,229	114,446	1,504,309
Semester and short-term study abroad	392,515	-	99,092	-	-	491,607
Software	14,789	286,111	42,116	2,002,998	-	2,346,014
Student programming	827	243,871	393,859	-	12,152	650,709
Recruiting	2,621	18,576	2,829,915	65,376	2,599	2,919,087
Interest	175,591	140,493	266,936	121,834	702,464	1,407,318
Miscellaneous	193,516	202,482	611,042	1,869,644	365,142	3,241,826
Total other expenses	<u>4,200,144</u>	<u>2,649,983</u>	<u>9,812,564</u>	<u>11,209,211</u>	<u>13,293,809</u>	<u>41,165,711</u>
TOTAL EXPENSES	<u>\$ 23,038,047</u>	<u>\$ 7,817,901</u>	<u>\$ 22,413,755</u>	<u>\$ 21,863,283</u>	<u>\$ 17,892,160</u>	<u>\$ 93,025,146</u>
Fundraising and Institutional Advancement (included in Institutional Support)	<u>\$ 4,331,901</u>					

The accompanying notes are an integral part of this financial statement.

Lynn University

STATEMENTS OF CASH FLOWS

Years ended June 30,

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,260,694	\$ 3,627,104
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,813,503	7,377,271
Amortization	119,216	127,965
Contributions restricted for long-term investment	(403,906)	(542,079)
Contributions restricted for purchases of property and equipment	(523,948)	(1,633,349)
Change in value of financial derivatives	735,021	(2,455,065)
Loss on extinguishment of debt	552,109	-
Net realized and unrealized investment (gains) losses	(2,921,828)	2,856,935
Loss on disposal of property and equipment	(26,000)	1,486,508
Contribution of depreciable assets	(13,500)	(420,126)
Contributed investments	(145,114)	(166,696)
Changes in assets and liabilities:		
Student accounts and notes receivable	(658,199)	(359,664)
Contributions receivable	(160,266)	(565,145)
Interest in estate trust	2,470,681	2,384,764
Other receivables	(1,349,326)	(666,566)
Prepaid and other assets	(3,872,852)	(319,459)
Accounts payable and accrued expenses	2,973,815	1,595,906
Deferred revenue	(441,961)	(3,038,891)
Other liabilities	405,827	(141,558)
	<u>5,813,966</u>	<u>9,147,855</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Proceeds from sale of property	26,000	986,908
Purchase of property and equipment	(6,219,411)	(3,540,805)
Purchase of investments	(11,033,307)	(22,263,926)
Sales of investments	10,758,418	23,083,470
Net public-private partnership reimbursement	-	25,916
	<u>(6,468,300)</u>	<u>(1,708,437)</u>
Net cash used in investing activities		
Cash flows from financing activities:		
Contributions and pledge payments restricted for long-term investment	403,906	542,079
Contributions and pledge payments restricted for purchases of property and equipment	806,898	3,521,384
Proceeds from tax exempt bonds	48,095,000	-
Principal payments on bonds and loans payable	(1,866,024)	(2,630,474)
Debt issuance costs	(330,000)	-
Payoff of bonds, loans payable and line of credit	(49,091,687)	-
Principal payments on lease obligations	(1,141,263)	(956,879)
	<u>(3,123,170)</u>	<u>476,110</u>
Net cash (used in) provided by financing activities		
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,777,504)	7,915,528
Cash and cash equivalents:		
Beginning	<u>22,397,066</u>	<u>14,481,538</u>
Ending	<u>\$ 18,619,562</u>	<u>\$ 22,397,066</u>

The accompanying notes are an integral part of these financial statements.

Lynn University

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Founded in 1962, Lynn University (the University) is an accredited, independent, co-educational institution located in Boca Raton, Florida, offering a variety of undergraduate, graduate and post-graduate degrees. The University also owns and operates Pine Tree Camps, a summer camp offering educational and recreational services to individuals between the ages of 5 and 15 years.

A summary of the University's significant accounting policies follows:

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis of Presentation

The financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (the Codification or ASC) or *Accounting Standards Update* (ASU).

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

Net assets with donor restrictions: Net assets that carry donor-stipulated restrictions regarding use or are time restricted. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term (e.g., endowed funds), with such endowment fund balances being made available for expenditure through spending rate policies adopted by the University. See Note 11 for further information on the University's endowments.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties, such as governmental grant agreements. Expenses are reported as decreases in net assets without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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.

Lynn University

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Revenue Recognition

Tuition, Fees, Room and Board Revenue

Tuition, fees, room and board revenue is recognized in the period when educational services are provided. Scholarships and fellowships awarded to students for tuition, fees, room and board are based upon need and merit and are netted against the related revenue. The following table disaggregates tuition and related fees, and residence-hall room and board fees:

	<u>2023</u>	<u>2022</u>
Tuition and related fees	\$ 119,518,111	\$ 111,321,757
Tuition aid	<u>(42,150,177)</u>	<u>(37,478,466)</u>
Tuition and related fees, net	<u>77,367,934</u>	<u>73,843,291</u>
Residence-hall room and board fees	16,396,440	15,620,528
Residence-hall room and board aid	<u>(2,012,355)</u>	<u>(2,088,526)</u>
Residence-hall room and board fees, net	<u>14,384,085</u>	<u>13,532,002</u>
Total tuition, fees, room and board	135,914,551	126,942,285
Student aid	<u>(44,162,532)</u>	<u>(39,566,992)</u>
Total tuition, fees, room and board, net	<u>\$ 91,752,019</u>	<u>\$ 87,375,293</u>

Government and Private Grants, Contracts and Gifts

The University recognizes revenue from grants, contracts and gifts in accordance with ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the University evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the University applies guidance under ASC Topic 606, *Revenue from Contract with Customers*. If the transfer of assets is determined to be a contribution, the University evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the University is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Contributions

Contributions of Financial Assets

Contributions, including unconditional promises to give reported as contributions receivable, which are considered to be unconditional are recognized as revenue in the period received. Contributions to be received after one year are discounted using an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. Expirations of restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, are reported as net assets released from restrictions on the statements of activities. Restricted contributions received and expended for the restricted purpose in the same fiscal year are initially recorded as part of net

Lynn University

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

assets with donor restrictions when received and as net assets released from restrictions when expended. Contributions of cash or other assets that must be used to acquire long lived assets are reported as increases in net assets with donor restrictions until the assets are acquired and placed into service.

Contributions of Nonfinancial Assets

Contributions of land, buildings, or equipment are reported as nonoperating contributions without donor restrictions unless the donor places restrictions on their use. For the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities included:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 21,000	\$ 420,126
Other miscellaneous	<u>7,939</u>	<u>5,991</u>
	<u>\$ 28,939</u>	<u>\$ 426,117</u>

Lynn University recognized contributed nonfinancial assets within revenue, including, for example, video equipment, musical equipment, and books.

All contributed nonfinancial assets were used by the University within the reporting period and not monetized. Per University policy, gifts of tangible personal property valued at \$5,000 and above are credited and recognized at the appraised value of the property at the time it is transferred to the University. In certain circumstances, the University may secure its own appraisal. Unless otherwise noted, no contributed nonfinancial assets had a donor-imposed restriction.

Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are met.

Investment Income

Realized gains and losses are recognized at date of disposition based on the difference between the net proceeds received and the purchased value of the investment sold. Unrealized gains and losses are recognized for the change in fair value between reporting periods. Interest and dividend income are recognized when earned. Investment income is included in the change in net assets without donor restrictions, unless its use is restricted by donor stipulations or law. When a donor restriction is met, the amount is reclassified and reported as net assets released from restriction.

Camp, Conference and Campus Store Revenue

Camp, conference and campus store revenue is recognized when earned, which is when the services and/or goods are provided.

Cash and Cash Equivalents

Cash equivalents are highly liquid investments maturing within 90 days of the fiscal year end. At times, the University maintains deposits with financial institutions in amounts that are in excess of federally insured limits.

Student Accounts Receivable

Student accounts receivable are uncollateralized student obligations due under normal trade terms requiring payment within 30 days or on receipt, depending upon the invoice date.

Lynn University

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Student accounts receivable are stated at the amounts billed to the student. Payments of accounts receivable are allocated to the specific billings identified on the student's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

An allowance for loss on accounts receivable is provided based on a review of delinquent accounts along with an analysis of historical losses and recoveries. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recognized as a reduction of expense when payment is received. It is not a common practice of the University to charge interest on delinquent accounts.

The allowance for doubtful accounts represents 39.6% and 26.0% of outstanding student accounts receivable as of June 30, 2023 and 2022, respectively.

	<u>2023</u>	<u>2022</u>
Student accounts receivable	\$ 2,467,199	\$ 1,370,112
Allowance for doubtful accounts	<u>(976,289)</u>	<u>(355,665)</u>
	<u>\$ 1,490,910</u>	<u>\$ 1,014,447</u>

Student Notes Receivable

The University makes uncollateralized loans to students based on financial need. Notes receivable are stated at the principal amount loaned to students plus accrued interest. Interest is charged at a fixed rate (5% at June 30, 2023 and 2022). Student loans are funded with institutional resources. At June 30, 2023 and 2022, student loans, net of allowance, represented approximately 1% of total assets for each year.

At June 30, 2023 and 2022, the following amounts were due under student loan programs:

	<u>2023</u>	<u>2022</u>
Institutional programs	\$ 4,187,665	\$ 3,909,214
Gross student notes receivable	4,187,665	3,909,214
Less allowance	<u>(1,697,268)</u>	<u>(1,600,553)</u>
Net student notes receivable	<u>\$ 2,490,397</u>	<u>\$ 2,308,661</u>

At June 30, 2023 and 2022, the following amounts represent our allowance on past due balances under student loan programs:

<u>June 30:</u>	<u>1-8 Months Past Due</u>	<u>8-24 Months Past Due</u>	<u>24-60 Months Past Due</u>	<u>60+ Months Past Due</u>	<u>Total Past Due</u>
2023	\$ 37,344	\$ 125,523	\$ 256,558	\$ 1,277,843	\$ 1,697,268
2022	\$ 51,814	\$ 98,884	\$ 208,976	\$ 1,240,879	\$ 1,600,553

An allowance for loss on student notes receivable is provided based on a review of the notes along with an analysis of historical losses and recoveries. Notes are written off when deemed uncollectible. Recoveries of notes from the institutional program previously written off are recognized as revenue when payment is received. The allowance represents 40.5% and 40.9% of outstanding student notes receivable as of June 30, 2023 and 2022, respectively.

Lynn University

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Contributions Receivable (Pledges)

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on contributions receivable are computed using a market rate commensurate with the risk and timing of the contributions receivable in accordance with U.S. GAAP. As of June 30, 2023, and 2022, the remaining discount on pledges receivable was \$319,338 and \$329,751, respectively, using a discount rate of 5%. When earned, the change in the discount is included in contributions of cash and other financial assets.

Interest in Estate Trust

Interest in estate trust is expected to be collected from irrevocable estate trusts over the next two years and is recorded at the present value of the estimated future cash flows. Discounts on the interest in estate trust receivable are computed using a market rate commensurate with the risk of the receivable in accordance with U.S. GAAP. As of June 30, 2023, and 2022, the remaining discount on the interest in estate trust was \$274,907 and \$812,195, respectively, using a discount rate of 5%. The change in the discount is included in contributions of cash and other financial assets.

Prepaid and Other Assets

Prepaid and other assets include goodwill from the purchase of Digital Media Arts College (DMAC). Goodwill from the purchase is being amortized over 10 years. The University had net goodwill of \$511,317 and \$596,536 at June 30, 2023 and 2022, respectively.

Included in other assets are inventories, which consist primarily of retail apparel, camp uniforms and general-purpose supplies that are valued at the lower of cost or net realizable value.

Investments

Investments are generally reported at fair value based upon quoted market prices. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments received by gift are recorded at fair value at the date of donation. In the case of certain less marketable investments, fair value is established by using the net asset value (NAV) of each investment fund as provided by the investment fund manager.

The University's investments include various types of investment securities which are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risks associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks in the near term could materially affect the University's investment balance reported in the statements of financial position.

Property, Plant and Equipment

Property, plant and equipment are recorded at historical cost at the date of purchase or fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent explicit donor stipulations about how those long-lived assets must be used, the University reports expirations of donor restrictions as net assets without donor restrictions when the donated assets are received or when acquired or constructed assets, funded by donor contributions, are placed into service. The University capitalizes expenditures based on the type of property.

Lynn University

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Land and construction in progress are stated at cost. Buildings, improvements, and furniture and equipment are stated at cost less accumulated depreciation. Depreciation is computed on a straight-line basis over their estimated useful lives, ranging from 3 to 10 years for furniture and equipment, and 25 to 60 years for buildings and improvements.

Non-depreciable items represent works of art or antiques. Upon sale or retirement, the costs are eliminated from the respective accounts and resulting gains or losses are included in the statements of activities.

The University reviews the carrying value of property, plant and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. Management conducts an informal review to estimate impairment. Based on the review, there was no asset impairment at June 30, 2023 or 2022.

Deferred Issuance Costs

Bond issuance costs are deferred and amortized over the term of the bonds using a method that approximates the effective-interest method. Unamortized debt issuance costs are presented as a deduction to the bonds and loans payable on the statements of financial position and amounted to \$324,500 and \$580,606 as of June 30, 2023 and 2022, respectively.

Deferred Revenue

Deferred revenue primarily consists of tuition and fees collected for academic instruction not yet rendered, amounts collected for room and board prior to the start of the semester, camp fees collected for which services have not been rendered, and any government grants where barriers still exist. These amounts will be recognized as revenue in the periods in which they are earned.

Financial Derivatives

Under U.S. GAAP, the University is required to record all derivative instruments at their respective fair values in the statements of financial position. The University's derivatives consist solely of interest rate swaps. See Note 8 for further details. All changes in fair value are reflected in the statements of activities.

Income Tax

The University is exempt from federal income taxation as defined by Sections 501(c)(3) of the Internal Revenue Code and is generally exempt from state income taxes under the provisions of the Florida Nonprofit Corporation Act. Therefore, no provision for income taxes has been reflected in the accompanying financial statements.

Management evaluated the University's tax positions and concluded that the University had taken no uncertain tax positions and in addition, unrelated business income tax for the University, if any, is immaterial and will not require adjustment to the financial statements to comply with the provisions of FASB ASC 740, *Income Taxes*.

Functional Expenses

The University's primary program service is instruction. Expenses that are classified as academic support, student services, institutional support, and auxiliary operations are incurred in support of this primary program service. Personnel costs, including salaries and benefits, represent the University's primary operating expense. Personnel costs and other operating expenses such as services and supplies, communications, and travel are presented by functional areas in the statements of activities. The cost of

Lynn University

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

operation and maintenance of the physical plant, including the related depreciation, insurance and interest costs, is allocated to each functional area based on the estimated square footage used by the function.

The University defines its five functional areas as follows:

Instruction - These costs include faculty salaries, related benefits, and other direct costs related to teaching.

Academic support - These are costs that support the instructional process, but are not directly related to teaching such as the library, academic technology, student academic resources, and offices directly supporting faculty such as the office of Academic Affairs.

Student services - These are costs to help students succeed in their academic mission and to enhance their overall experience at the University. This function includes such services as counseling and health services, admission, financial aid, and the registrar. This function also includes co-curricular programs outside of the classroom such as athletics, internships, and offices such as the office of Student Affairs.

Institutional support - These are costs incurred to carry out the administration of the University such as the offices of the president, finance, fundraising, communications, human resources, general counsel, administrative technology, safety, and security.

Auxiliary operations - These costs include student housing, food services, campus store, and camps. The distinguishing characteristic of auxiliary operations is that they are designed to be managed as self-supporting activities.

Operating and Non-Operating Activities

The University defines operating activities as those closely related to its educational, residential, and necessary ancillary activities. Non-operating activities are those that are subsidiary but support the operations of the University, like, contributions to support plant operations, and gains or losses on financial instruments, investments, or asset disposals. The endowment's support of operations is included as revenue in the operating section and shown as a reduction in the non-operating section.

Subsequent Events

The University has evaluated its subsequent events (events occurring after June 30, 2023) through October 20, 2023, which represents the date the financial statements were available to be issued.

Recent Accounting Pronouncements

On September 17, 2020, the FASB issued ASU 2020-07 on Topic 958, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires nonprofits to change the financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The ASU requires that contributed nonfinancial assets be presented separately from contributed cash and other financial assets in the statement of activities. The ASU also expands upon existing disclosure requirements. The University adopted this ASU during the fiscal year ended June 30, 2022 – refer to the statement of activities and Note 1 for further information.

In March 2020, the FASB issued ASU No. 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting* (ASU 2020-04). ASU 2020-04 provides optional expedients and exceptions for applying GAAP to contracts and other transactions that reference the London Interbank Offered Rate (LIBOR) or another reference rate expected to be discontinued as a result of reference rate reform. The provisions of ASU No. 2020-04 were effective for certain reference rate-related contract modifications that

Lynn University

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

occur during the period March 12, 2020 through December 31, 2022. Management considers this change a debt modification and has treated it as such by prospectively adjusting the effective interest rate on the University's line of credit - refer to Note 7 for further information.

In January 2021, ASU 2021-01, *Reference Rate Reform (Topic 848)* (ASU 2021-01) was issued which permits entities to elect certain optional expedients in connection with reference rate reform activities and their impact on debt, contract modifications and derivative instruments. The University adopted ASU 2021-01 during the fiscal year ended June 30, 2023 - refer to Note 7 for further information.

ASU 2016-13, *Financial Instruments - Credit Losses*, will be effective for the University on July 1, 2023. This ASU addresses measurement of credit losses on financial instruments and replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of information to inform credit loss estimates. The University is currently evaluating the ASU, but it is not expected to have a significant impact on the University's financial statements.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the University's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Board-designated amounts could be drawn upon based on board action.

	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 18,619,562	\$ 22,397,066
Student accounts receivable, net	1,490,910	1,014,447
Other receivables	2,718,944	1,369,618
Contributions receivable, net	1,681,965	1,804,649
Interest in estate trust, net	2,682,024	5,152,705
Student notes receivable, net	2,490,397	2,308,661
Investments	42,793,262	39,451,431
Financial assets, at year end	72,477,064	73,498,577
Less those unavailable for general expenditure within one year, due to:		
Contributions receivable, net, due beyond one year	(1,148,365)	(1,121,049)
Interest in estate, due beyond one year	(2,682,024)	(5,152,705)
Student notes receivable, net	(2,490,397)	(2,308,661)
Perpetual and term endowments and accumulated earnings	(29,231,269)	(29,845,973)
Board-designated endowments	(250,000)	(250,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 36,675,009	\$ 34,820,189

The University has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To achieve this, the University monitors its liquidity on a monthly basis.

Lynn University

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Anticipated collections of contributions receivable are summarized as follows at June 30, 2023 and 2022:

	2023	2022
Amounts expected to be collected in:		
Less than one year	\$ 533,600	\$ 683,600
One year to five years	1,467,702	1,450,800
Subtotal	2,001,302	2,134,400
Less:		
Discount	(319,337)	(329,751)
Total contributions receivable, net	\$ 1,681,965	\$ 1,804,649

The discount rates on outstanding pledges as of June 30, 2023 and 2022 was 5%. As of June 30, 2023, and 2022, the University's management has evaluated the collectability of the receivables and deemed all amounts to be fully collectible.

During the years ended June 30, 2023 and 2022, members of the Board of Trustees made cash contributions to the university. Approximately \$1,320,000 of the net contributions' receivable is due from one member of the Board of Trustees at June 30, 2023 and 2022, respectively; representing approximately 78% of the total contributions' receivable, net.

NOTE 4 - INVESTMENTS

Investments consisted of the following at June 30, 2023 and 2022:

	2023	2022
Equity securities	\$ 3,284,538	\$ 3,464,147
Debt securities	1,668,674	-
Limited partnership	37,840,050	35,987,284
	\$ 42,793,262	\$ 39,451,431

The following schedule summarizes total investment (loss) income for the years ended June 30, 2023 and 2022:

	2023	2022
Interest and dividends	\$ 588,223	\$ 112,757
Investment fees	(743,202)	(766,310)
Net realized and unrealized gains (losses)	2,921,828	(2,856,935)
	\$ 2,766,849	\$ (3,510,488)

As of June 30, 2023, the University has invested \$37,840,050, which includes all endowed funds, or 88% of all University investments in one Partnership consisting of two portfolios. Even though diversified within the Partnership, such investments are considered to be a concentration of credit risk.

Lynn University

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE 5 - SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest expense during the years ended June 30, 2023 and 2022, totaled \$1,193,831 and \$1,451,148, respectively.

Noncash investing activities for the years ended June 30, 2023 and 2022, included the receipt of \$145,114 and \$166,696, respectively, of marketable securities donated to the University.

Noncash investing activities for the years ended June 30, 2023 and 2022, also included the receipt of \$13,500 and \$420,126, respectively, of depreciable assets donated to the University.

Noncash investing and financing activities for the years ended June 30, 2023 and 2022, included the signing of finance (not operating) leases for equipment, totaling \$1,360,198 and \$1,302,679, respectively.

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are summarized as follows at June 30, 2023 and 2022:

	2023	2022	Estimated Useful Lives in Years
Land	\$ 1,145,045	\$ 1,145,045	
Land held for investment	110,000	110,000	
Construction in progress	6,328,093	2,327,218	
Artworks and other non-depreciable items	499,884	499,884	
Land improvements	8,853,769	8,680,629	25
Buildings and improvements	192,167,534	191,482,303	25-60
Equipment	55,420,419	54,029,328	3-10
Library books	3,674,412	3,674,412	5-10
Right of use leased asset	3,489,181	2,056,144	2-5
Software	20,000	-	1-3
	<u>271,708,337</u>	<u>264,004,963</u>	
Less accumulated depreciation	<u>(144,310,153)</u>	<u>(137,594,909)</u>	
Total, net	<u>\$ 127,398,184</u>	<u>\$ 126,410,054</u>	

Depreciation expense included in the statements of activities amounted to \$6,813,503 and \$7,377,271 for the years ended June 30, 2023 and 2022, respectively. Construction in progress includes the cost of building a new Health and Wellness Center which is scheduled to be completed in the fiscal year ending June 30, 2024.

The University is budgeted to spend \$3,432,339 on capital projects over the next one to two years.

Lynn University

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE 7 - BONDS AND LOANS PAYABLE

Palm Beach County Educational Facilities Revenue Bonds, Series 2023

In February 2023, the Palm Beach County Educational Facilities Authority (the Issuer) issued \$48,095,000 in tax-exempt fixed rate demand educational facilities refunding revenue bonds. The 2023 bonds were issued to refinance the University's debt, mainly, the Series 2017B, 2016 and 2013, and a 2012 Master Financing Agreement for equipment. The bonds were assigned to JPMorgan Chase Bank, N.A. as the bond holder, per the finance agreement, dated February 28, 2023, with the Issuer and bondholder. The bond proceeds were used to pay off the Series 2017B, 2016, 2013 bonds and a portion of the 2012 Master Financing Agreement. The Series 2023 bonds bear interest at a fixed rate of 3.79%, with principal and interest payments due quarterly beginning September 1, 2023 and matures on March 1, 2033.

In connection with the finance agreement, the University entered into a Continuing Covenants and Security Agreement with JPMorgan Chase Bank, N.A. Under the terms of the bond finance agreement, the University is subject to two financial covenants. The bonds are secured by revenues.

Palm Beach County Educational Facilities Revenue Bonds, Series 2017A and B

In August 2017, the Palm Beach County Educational Facilities Authority (the Issuer) issued a total of \$25,000,000 in tax-exempt variable rate demand educational facilities revenue serial bonds - the Series 2017A bonds payable in the amount of \$12,500,000 and the Series 2017B bonds payable in the amount of \$12,500,000 (hereafter the Series 2017 Bonds Payable). The Series 2017 Bonds Payable were issued on behalf of the University for capital expenditures related to the construction of The Christine E. Lynn University Center located at the University's campus in Boca Raton, Florida. The bonds were issued through the Issuer, and Bank United, N.A. was assigned as the bond holder. The bond proceeds were drawn down by the University as capital expenditures were being incurred, in accordance with the terms of the finance agreement with the Issuer and Bank United, N.A. dated August 28, 2017. As of June 30, 2023, and 2022, the amount drawn down by the University and outstanding as bonds payable amounted to \$0 and \$11,340,200, respectively.

In connection with the Series 2017 Bonds Payable, the University entered into a mortgage and security agreement with Bank United, NA, which effectively collateralized the University's obligations with all of the assets owned by the University. The mortgage and security agreement required that the University maintains a certain loan to collateral value. If the loan to collateral value is not achieved, reductions in the outstanding principal amounts, as specified in the agreements were required. The Series 2017 Bonds Payable bore interest at 65% of the sum of the 30-day LIBOR plus 2.2% (4.798% and 2.375% as of June 30, 2023 and 2022, respectively). The Series 2017B bonds required monthly principal payments on an escalating basis that began in April 2019 and matured on March 1, 2044. The Series 2017A bonds were paid in full as of June 30, 2020, using the proceeds from a line of credit as discussed below. Under the terms of the bond financing agreement, the University was subject to several restrictive covenants, including financial covenants. The 2017B bonds were refinanced with the Series 2023 Revenue Refunding Bonds on February 28, 2023.

Palm Beach County Educational Facilities Revenue Bonds, Series 2016

In April 2016, the Issuer issued \$19,315,100 in tax-exempt variable rate demand educational facilities revenue serial bonds (Series 2016 Bonds Payable) on behalf of the University for the construction of a new upper-classmen dormitory located at the University's campus in Boca Raton, Florida. The bonds were issued through the Issuer, and Bank United, N.A. was assigned as the bondholder. The University drew down the bond proceeds as capital expenditures were being incurred, in accordance with the terms of the finance agreement with the Issuer and Bank United, N.A. dated April 13, 2016. As of June 30, 2023, and

Lynn University

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

2022, the amount drawn down by the University and outstanding as bonds payable amounted to \$0 and \$16,528,300, respectively.

In connection with the Series 2016 Bonds Payable, the University entered into a mortgage and security agreement with Bank United, N.A., which effectively collateralized the University's obligations with all of the assets owned by the University. The mortgage and security agreement required the University to maintain a certain loan to collateral value. If the loan to collateral value was not achieved, reductions in the outstanding principal amounts, as specified in the agreements were required.

The Series 2016 Bonds Payable bore interest at 65% of the sum of the 30-day LIBOR plus 2.1% (4.733% and 2.310% as of June 30, 2023 and 2022, respectively). The Series 2016 Bonds require monthly principal payments on an escalating basis that began in November 2017 and matured on October 1, 2042. Under the terms of the bond financing agreement, the University was subject to several restrictive covenants, including financial covenants. The 2016 bonds were refinanced with the Series 2023 Revenue Refunding Bonds on February 28, 2023.

Palm Beach County Educational Facilities Revenue Bonds, Series 2013

In June 2013, the University issued \$25,000,000 in tax-exempt variable rate demand educational facilities revenue serial bonds (Series 2013 Bonds Payable) to pay a portion of the cost of the acquisition, construction, installation and equipping of certain educational facilities located at the University's campus in Boca Raton, Florida and to refinance the University's then outstanding debt under the Palm Beach County Educational Facilities Revenue Bonds, Series 2009 and 2001. The bonds were issued through the Issuer, and Bank United, N.A. was assigned as the bond holder. The bond proceeds were loaned to the University through a finance agreement with the Issuer and Bank United, N.A. dated June 19, 2013.

In connection with the Series 2013 Bonds Payable, the University entered into a mortgage and security agreement with Bank United, N.A., which effectively collateralized the University's obligations with all of the assets owned by the University, excluding those assets assigned as collateral in connection with Palm Beach County Educational Facilities Financing Agreement, 2012, the Series 2017 Bonds Payable and the Series 2016 Bonds Payable (see previous pages). The mortgage and security agreement require the University to maintain a certain loan to collateral value. If the loan to collateral value is not achieved, reductions in the outstanding principal amounts, as specified in the agreement, are required. As of June 30, 2023, and 2022, the Series 2013 Bonds Payable amounted to \$0 and \$18,022,900, respectively.

On March 26, 2021, Bridge Funding Group, a wholly owned subsidiary of Bank United, N.A. entered into a participation agreement with Professional Bank, to purchase a participation interest in the Series 2013 Bond, including an interest in the Collateral and Collections. Bridge Funding Group had previously purchased the Series 2013 Bond, the Series 2016 Bond and the Series 2017B Bond. All requirements under the Series 2013 Bond remained in effect.

The Series 2013 Bonds Payable bore interest at 65% of the sum of the 30-day LIBOR plus 2.2% (4.798% and 2.375% at June 30, 2023 and 2022, respectively). The bonds required monthly principal payments on an escalating basis that began in August 2013 and matured on June 18, 2038. Under the terms of the bond financing agreement, the University was subject to several restrictive covenants, including financial covenants. The 2013 bonds were refinanced with the Series 2023 Revenue Refunding Bonds on February 28, 2023.

Palm Beach County Educational Facilities Financing Agreement, 2012

In May 2012, the University entered into an \$11,000,000 Master Financing Agreement (the Agreement) with the Issuer, and a financial institution, as lender. Under the terms of the Agreement, a tax-exempt loan, in effect, was provided by the financial institution to the University to finance certain capital projects on the

Lynn University

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

University's campus related to energy conservation initiatives. The tax-exempt loan was collateralized by the equipment purchased with loan proceeds.

The tax-exempt loan bore interest at 4.13% per annum. From August 2012, quarterly interest payments were due until February 2013. From May 2013, quarterly principal and interest payments of \$248,603 were due until the loan's maturity of February 2028. As of June 30, 2023, and 2022, the tax-exempt loan balance totaled \$0 and \$5,066,311, respectively.

Under the terms of the Agreement, the University was subject to several restrictive covenants, including financial covenants. The 2012 financing agreement was partly refinanced with the Series 2023 Revenue Refunding Bonds on February 28, 2023, and by funds received from termination of the interest rate SWAP agreements. Refer to Note 8 to the financial statements.

Line of Credit

On April 27, 2020, the University entered into a \$12,500,000 revolving line of credit to be used to: (a) redeem the Palm Beach County Educational Facilities Authority Revenue Bond, Series 2017A; and (b) provide the University with working capital. Draws against the line of credit had a variable interest rate based on changes in the Secured Overnight Financing Rate (SOFR). The line of credit was subject to a mortgage and security agreement with Bank United, N.A. as further described on the preceding page (Series 2013 bonds).

On May 19, 2022, there was a third amendment to the loan agreement to extend the maturity date until March 15, 2025 (the Maturity Date), with similar terms to prior amendments.

On May 19, 2022, the University entered into a LIBOR to Term Secured Overnight Financing Rate (SOFR) Modification Agreement with Bridge Funding Group, an affiliated organization of Bank United, N.A. This change stemmed from the anticipated discontinuance of the LIBOR reference rate and the adoption of the FASB's ASU 2020-04 and ASU 2021-01

As of June 30, 2023, and 2022, the amount outstanding on the line of credit was \$0 and \$0, respectively. Under the terms of the revolving line of credit, the University was subject to several restrictive covenants, including financial covenants. This line of credit was closed on acquisition of the Series 2023 Revenue Refunding Bonds.

Principal maturities on the bonds, loan payable and line of credit anticipated by the University are as follows:

Years Ending June 30	Series 2023
2024	\$ 440,000
2025	920,000
2026	960,000
2027	995,000
2028	1,035,000
Thereafter	43,745,000
Principal balance	48,095,000
Less unamortized issuance costs	324,500
Principal balance less unamortized debt issuance costs	\$ 47,770,500

Lynn University

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Interest costs for all outstanding long-term debt totaled \$1,596,151 and \$1,407,318 for the years ended June 30, 2023 and 2022, respectively.

As discussed above, the University entered into a bond refinance agreement with JP Morgan Chase for bonds issued by the Issuer. As a result, new material financial covenants were established. The table below reflects the material financial covenants for fiscal year ended June 30, 2023 and restated for fiscal year ended June 30, 2022:

	Years Ending June 30,	
	2023	Proforma 2022
Debt service coverage ratio	2.52	3.30
Requirement	1.15	1.15
Days cash on hand	104	122
Requirement	50	50

NOTE 8 - FINANCIAL DERIVATIVES

In April 2016, the University entered into an interest rate swap arrangement having a notional amount of \$23,030,500, which effectively fixed the interest rate on the Series 2013 Bonds Payable at 2.507% through October 2024. The notional amount decreases each month to mirror the principal amounts outstanding on the Series 2013 Bonds Payable. The University received interest at a variable rate of LIBOR plus 1.433% and settled with the counterparty on a monthly basis. The University entered into the swap agreement to reduce the variability of cash flows related to changes in interest rates on borrowings from the variable rate bonds. This arrangement was terminated before the maturity date with an adjustment by the counterparty for the agreement's fair value at the termination date. The fair value of the arrangement on the termination date amounted to \$481,700.

In April 2016, the University entered into an interest rate swap arrangement having a notional amount of \$19,315,100, which effectively fixed the interest rate on the Series 2016 Bonds Payable at 2.367% through October 2024. The notional amount decreased each month to mirror the principal amounts outstanding on the Series 2016 Bonds Payable. The University received interest at a variable rate of LIBOR plus 1.170% and settled with the counterparty on a monthly basis. The University entered into the swap agreement to reduce the variability of cash flows related to changes in interest rates on borrowings from the variable rate bonds. This arrangement was terminated before the maturity date with an adjustment by the counterparty for the agreement's fair value at the termination date. The fair value of the arrangement on the termination date amounted to \$550,165.

In August 2017, the University entered into an interest rate swap arrangement having a notional amount of \$12,500,000, which effectively fixed the interest rate on the Series 2017 Bonds Payable at 1.565% through March 2026. The notional amount decreased each month to mirror the principal amounts outstanding on the Series 2017 Bonds Payable. The University received interest at a variable rate of LIBOR plus 0.000% and settled with the counterparty on a monthly basis. The University entered into the swap agreement to reduce the variability of cash flows related to changes in interest rates on borrowings from the variable rate bonds. This arrangement was terminated before the maturity date with an adjustment by the counterparty for the agreement's fair value at the termination date. The fair value of the arrangement on the termination date amounted to \$622,600.

Total proceeds from the termination of the SWAPS amounted to \$1,654,465.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

At June 30, 2023 and 2022, the fair value of the interest rate swaps resulted in an asset of \$0 and a liability of \$0, respectively, in the statements of financial position. The change in fair value of the interest rate swaps for the years ended June 30, 2023 and 2022, were gains of \$919,444 and \$2,455,065, respectively, and are recorded in the non-operating section of the statements of activities. The interest rate swaps, if any, are in the level 2 category of the fair value hierarchy as disclosed in Note 12 of the financial statements.

NOTE 9 - NET ASSETS WITHOUT DONOR RESTRICTIONS AND UNRESTRICTED NET ASSETS EXCLUDING PLANT (UNAEP)

Net assets without donor restrictions at June 30, 2023 and 2022 were \$87,915,011 and \$83,349,995, respectively.

The University's UNAEP are those assets that are available for operations. UNAEP consists mainly of net assets without donor restrictions, adjusted for net property, plant, and equipment, and plant related debt. The University's UNAEP calculation is detailed in the following table and is presented in conformity with the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC):

	2023	2022
Net assets without donor restrictions	\$ 87,915,011	\$ 83,349,995
Less:		
Property, plant and equipment, net	(127,398,184)	(126,410,054)
	(39,483,173)	(43,060,059)
Add:		
Plant related debt	49,763,974	51,208,098
Unrestricted net assets excluding plant	\$ 10,280,801	\$ 8,148,039
Note: plant related debt components		
Finance lease payable	\$ 1,993,473	\$ 1,566,014
Bonds and loans payable	47,770,500	50,377,105
Financial derivatives (asset) liability	-	(735,021)
	\$ 49,763,973	\$ 51,208,098

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS AND NET ASSETS RELEASED FROM RESTRICTIONS

Changes in net assets with donor restrictions are summarized as follows for the years ended June 30, 2023 and 2022:

	2023					
	Beginning Balance	Additions	Endowment Earnings	Investment Fees	Release of Restrictions	Ending Balance
Subject to expenditure for specified purpose:						
Instruction	\$ 2,540,424	\$ 550,276	\$ 887,341	\$ (240,019)	\$ (1,234,400)	\$ 2,503,622
Scholarships	2,546,900	526,488	1,163,316	(314,668)	(1,751,491)	2,170,545
Student services	503,393	152,236	-	-	(177,353)	478,276
Buildings and equipment	5,523,467	523,948	57,334	(15,508)	(365,048)	5,724,193
	11,114,184	1,752,948	2,107,991	(570,195)	(3,528,292)	10,876,636
Subject to the passage of time:						
Time restricted	5,652,704	537,288	-	-	(3,007,968)	3,182,024
	5,652,704	537,288	-	-	(3,007,968)	3,182,024
Endowment funds restricted in perpetuity:						
Instruction	10,992,058	23,445	-	-	-	11,015,503
Scholarships	15,073,960	380,461	-	-	-	15,454,421
Buildings and equipment	722,733	-	-	-	-	722,733
	26,788,751	403,906	-	-	-	27,192,657
Total net assets with donor restrictions	\$ 43,555,639	\$ 2,694,142	\$ 2,107,991	\$ (570,195)	\$ (6,536,260)	\$ 41,251,317

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

	2022					
	Beginning Balance	Additions	Endowment Earnings	Investment Fees	Release of Restrictions	Ending Balance
Subject to expenditure for specified purpose:						
Instruction	\$ 4,228,939	\$ 505,852	\$ (795,602)	\$ (260,000)	\$ (1,138,765)	\$ 2,540,424
Scholarships	4,864,469	521,505	(1,012,176)	(330,774)	(1,496,124)	2,546,900
Student services	525,061	153,981	-	-	(175,649)	503,393
Buildings and equipment	4,731,030	1,633,349	(51,505)	(16,832)	(772,575)	5,523,467
	14,349,499	2,814,687	(1,859,283)	(607,606)	(3,583,113)	11,114,184
Subject to the passage of time:						
Time restricted	7,537,468	1,098,812	-	-	(2,983,576)	5,652,704
	7,537,468	1,098,812	-	-	(2,983,576)	5,652,704
Endowment funds restricted in perpetuity:						
Instruction	10,968,033	24,025	-	-	-	10,992,058
Scholarships	14,555,906	518,054	-	-	-	15,073,960
Buildings and equipment	722,733	-	-	-	-	722,733
	26,246,672	542,079	-	-	-	26,788,751
Total net assets with donor restrictions	\$ 48,133,639	\$ 4,455,578	\$ (1,859,283)	\$ (607,606)	\$ (6,566,689)	\$ 43,555,639

NOTE 11 - ENDOWMENTS

The University's endowment consists of approximately 81 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds classified by the Board of Trustees to function as endowments. As required by U.S. GAAP, 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. Donor-restricted endowments are classified as net assets with donor restrictions. Funds functioning as endowments are University resources designated as endowments by the Board of Trustees or unspent accumulated appropriations and are invested in the endowment for long-term appreciation and current income. Such assets, however, remain available and may be spent at the Board of Trustee's discretion unless donor-imposed restrictions exist on their use. Funds functioning as endowments are recorded in net assets without donor restrictions, unless donor restrictions exist in which case they are recorded in net assets with donor restrictions.

Interpretation of Relevant Law

The University follows the provisions of FASB ASC 958-205-50 (formerly FASB Staff Position 117-1, *Net Asset Classification of Funds*) subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for all Endowment Funds.

The University is subject to the Florida Uniform Prudent Management of Institutional Funds Act (FL UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with

Lynn University

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

donor restrictions because the earnings on those net assets are time restricted until the Board of Trustees appropriates such amounts for expenditure. Most of those net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restriction. The University's Board of Trustees has interpreted FL UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the University considers a fund to be underwater if the fair value of the fund is less than the sum of: (a) the original value of initial and subsequent gift amounts donated to the fund; and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor of the gift instrument.

The University has interpreted FL UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Additionally, in accordance with FL UPMIFA, the University considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the University and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the University; and
- The investment policies of the University.

Endowment net asset composition by type of fund is as follows as of June 30, 2023:

	With Donor Restrictions				Total
	Without Donor Restrictions	Original Gift Amount	Accumulated Earnings and Other	Total with Donor Restrictions	
Donor-restricted endowment funds	\$ -	\$ 27,192,657	\$ 2,038,612	\$ 29,231,269	\$ 29,231,269
Board-designated endowment funds	250,000	-	-	-	250,000
Unspent accumulated appropriations	8,358,781	-	-	-	8,358,781
	<u>\$ 8,608,781</u>	<u>\$ 27,192,657</u>	<u>\$ 2,038,612</u>	<u>\$ 29,231,269</u>	<u>\$ 37,840,050</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Changes in endowment net assets for the fiscal year ended June 30, 2023, are as follows:

	With Donor Restrictions				Total
	Without Donor Restrictions	Original Gift Amount	Accumulated Earnings and Other	Total with Donor Restrictions	
Endowment net assets, as of July 1, 2022	\$ 6,141,311	\$ 26,788,751	\$ 3,057,222	\$ 29,845,973	\$ 35,987,284
Investment return:					
Investment fees	(116,787)	-	(570,195)	(570,195)	(686,982)
Net realized and unrealized gains	431,757	-	2,107,991	2,107,991	2,539,748
Total investment return	314,970	-	1,537,796	1,537,796	1,852,766
Contributions	-	403,906	-	403,906	403,906
Accumulated unspent endowment earnings	2,152,500	-	-	-	2,152,500
Appropriation of endowment assets for expenditure	-	-	(2,556,406)	(2,556,406)	(2,556,406)
Endowment net assets, as of June 30, 2023	<u>\$ 8,608,781</u>	<u>\$ 27,192,657</u>	<u>\$ 2,038,612</u>	<u>\$ 29,231,269</u>	<u>\$ 37,840,050</u>

Endowment net asset composition by type of fund is as follows as of June 30, 2022:

	With Donor Restrictions				Total
	Without Donor Restrictions	Original Gift Amount	Accumulated Earnings and Other	Total with Donor Restrictions	
Donor-restricted endowment funds	\$ -	\$ 26,788,751	\$ 3,057,222	\$ 29,845,973	\$ 29,845,973
Board-designated endowment funds	250,000	-	-	-	250,000
Unspent accumulated appropriations	5,891,311	-	-	-	5,891,311
	<u>\$ 6,141,311</u>	<u>\$ 26,788,751</u>	<u>\$ 3,057,222</u>	<u>\$ 29,845,973</u>	<u>\$ 35,987,284</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Changes in endowment net assets for the fiscal year ended June 30, 2022, are as follows:

	With Donor Restrictions				Total
	Without Donor Restrictions	Original Gift Amount	Accumulated Earnings and Other	Total with Donor Restrictions	
Endowment net assets, as of July 1, 2021	\$ 4,608,483	\$ 26,246,672	\$ 7,935,412	\$ 34,182,084	\$ 38,790,567
Investment return:					
Investment fees	(82,855)	-	(607,606)	(607,606)	(690,461)
Net realized and unrealized gains (losses)	(253,539)	-	(1,859,283)	(1,859,283)	(2,112,822)
Total investment return	(336,394)	-	(2,466,889)	(2,466,889)	(2,803,283)
Contributions	-	542,079	-	542,079	542,079
Accumulated unspent endowment earnings	1,869,222	-	-	-	1,869,222
Appropriation of endowment assets for expenditure	-	-	(2,411,301)	(2,411,301)	(2,411,301)
Endowment net assets, as of June 30, 2022	<u>\$ 6,141,311</u>	<u>\$ 26,788,751</u>	<u>\$ 3,057,222</u>	<u>\$ 29,845,973</u>	<u>\$ 35,987,284</u>

Endowment funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or FL UPMIFA requires the University to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no donor-restricted endowment funds with deficiencies at June 30, 2023 and 2022.

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. Endowment assets include those assets of donor-restricted funds that the University must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner outlined in the investment policy adopted by the Board of Trustees. The investment policy's purpose is to provide guidance to the Investment Managers regarding the University's objectives and goals regarding the endowment investing.

Specifically, it outlines the risk tolerance areas of the University as well as defining the limitations in the portfolio of investments. The University expects its endowment funds, over time to provide an average rate of return that permits a predictable and sustainable spending rate of the average market value of endowment assets by achieving annual growth in value at a rate equal to the sum of the annual spending rate and the annual rate of inflation.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

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 to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy: The University's spending policy is to look back at the average endowment asset value for the last 12 quarters and apply a rate of between 5% - 10%. In establishing this policy, the University considered the long-term expected return on its endowment. Accordingly, over the long term, the University expects the current spending policy to allow its endowment to grow at an inflationary rate while minimizing volatility in its endowment support to operations. This is consistent with the University's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. For the years ended June 30, 2023 and 2022, the University used a rate of 7% to determine its endowment support to operations. For the years ended June 30, 2023 and 2022, the University appropriated \$2,556,406 and \$2,411,301 to support University operations.

NOTE 12 - FAIR VALUE DISCLOSURES

The University follows the provisions of the *Fair Value Measurement Topic* of the FASB ASC for financial assets and liabilities. This Topic applies to all financial assets and liabilities that are being measured and reported on a fair-value basis and establishes a framework for measuring fair value of assets and liabilities and expands disclosures about fair value measurements. The *Fair Value Measurement Topic* of the FASB ASC requires that fair value measurements be classified and disclosed in one of the following three categories:

- Level 1 - Financial instruments with unadjusted, quoted prices listed on active market exchanges;
- Level 2 - Financial instruments determined using prices for recently traded financial instruments with similar underlying terms as well as directly or indirectly observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals; and
- Level 3 - Financial instruments that are not actively traded on a market exchange. This category includes situations where there is little, if any, market activity for the financial instrument. The prices are determined using significant unobservable inputs or valuation techniques.

In determining the appropriate levels, the University performs a detailed analysis of the assets and liabilities that are subject to the Fair Value Measurement Topic 820 of the FASB ASC. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

Each asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Following is a description of the valuation methodologies used for financial assets and financial liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

Investments

Debt Securities: Debt securities listed on national markets or exchanges are valued at the last sales price, or if there is no sale and the market is considered active, at the mean of the last bid and asked prices on such exchange. Such securities are classified within Level 1 of the valuation hierarchy.

Equities: Equity securities listed on national markets or exchanges are valued at the last sales price, or if there is no sale and the market is considered active, at the mean of the last bid and asked prices on such exchange. Such securities are classified within Level 1 of the valuation hierarchy.

Interest rate swaps: The University's interest rate swaps are pay-fixed, receive-variable interest rate swaps based on the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index. The SIFMA Municipal Swap Index is observable at commonly quoted intervals for the full term of the swaps and, therefore, the swaps are considered a Level 2 item. The Fair Value Measurement Topic of the FASB ASC states that the fair value measurement of a liability must reflect the nonperformance risk of the entity. Therefore, the effect of the University's creditworthiness has also been considered in the fair value measurement of the interest rate swaps that are in a liability position, if applicable.

Level 1 instruments carried at fair value and Level 2 instruments carried at estimated fair value are comprised of the following at June 30, 2023:

	Fair Value Measurements at Reporting Date Using		
	June 30, 2023	Level 1	Level 2
Investments:			
Debt securities:			
Fixed income funds and ETF's	\$ 1,668,674	\$ 1,668,674	\$ -
Equity securities:			
Large cap	2,144,804	2,144,804	-
Mid cap	441,442	441,442	-
Small cap	142,878	142,878	-
International	555,415	555,415	-
Alternative investments at NAV (*):			
Limited partnership	37,840,050	-	-
	<u>\$ 42,793,263</u>	<u>\$ 4,953,213</u>	<u>\$ -</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Level 1 instruments carried at fair value and Level 2 instruments carried at estimated fair value are comprised of the following at June 30, 2022:

	Fair Value Measurements at Reporting Date Using		
	June 30, 2022	Level 1	Level 2
Investments:			
Equity securities:			
Large cap	\$ 1,250,557	\$ 1,250,557	\$ -
Mid cap	729,203	729,203	-
Small cap	54,041	54,041	-
International	1,184,738	1,184,738	-
Mutual funds and other	245,608	245,608	-
Alternative investments at NAV (*):			
Limited partnership	35,987,284	-	-
	\$ 39,451,431	\$ 3,464,147	\$ -
Financial assets:			
Financial derivatives	\$ 735,021	\$ -	\$ 735,021

(*) In accordance with Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The fair value of the University's investment in High Vista is measured using the NAV per share (or equivalent) valuation technique in accordance with FASB ASC 820. The University's fair value of its investment in High Vista was \$37,840,050 and \$35,987,284 at June 30, 2023 and 2022, respectively, and there are no unfunded commitments. The limited partnership agreement between the University and High Vista called for an initial 2-year lockup, which ended July 2013, after which a redemption request can be submitted quarterly with at least a 60-day notice as long as the University complies with other terms, conditions and standards as may be established by the General Partner from time to time. High Vista seeks capital appreciation by investing in multiple asset classes, including traditional assets (such as marketable equity, fixed income, derivative contracts and other securities) and alternative assets (such as real estate, commodities, timber, absolute return/hedge funds, private equity and venture capital investments). On April, 1 2022, the University diversified its asset holdings in High Vista by transferring \$20,000,000 from High Vista LP, a conservative portfolio, to High Vista (Offshore), a moderate portfolio, as part of its long-term rate of return objectives described previously.

NOTE 13 - RELATED PARTY TRANSACTIONS

The University received contributions from certain University Trustees of approximately \$525,000 and \$335,000 for the years ended June 30, 2023 and 2022, respectively.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

The University has adopted a self-insured health program, which provides for the payment or reimbursement of all or a portion of eligible medical, prescription drug, vision, and dental expenses. The University is self-insured up to \$175,000 for each occurrence and has aggregate loss insurance to cover all medical costs in excess of 125% of expected costs. The University believes no other liability is warranted at this time beyond the amount reserved for the health insurance terminal obligation. As of June 30, 2023,

Lynn University

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June 30, 2023 and 2022

and 2022, the University reserved \$661,382 and \$626,191, respectively, for health insurance terminal obligation. Adjustments to the health insurance terminal obligation reserve are presented in benefits under institutional support on the statements of functional expenses.

Food Service Agreement: In June 2013, the University entered into a Food Services Agreement (the Agreement) with a third-party service provider. The Agreement allows the service provider exclusive rights to provide and manage the University's food service program including the dining facility and catering services through June 2020. As part of the Agreement, the service provider is required to fund improvements to the University's facilities in the amount of \$1,500,000 in year one of the Agreement (the Funded Amount). If the Agreement is terminated before full amortization of the Funded Amount received, the Agreement requires the University to refund the unamortized portion of the service provider's investment in the University. In June 2018, the University entered into an amendment to the Agreement, in which the service provider funded improvements to the University's facilities in an additional amount of \$2,700,000. For the years ended June 30, 2023 and 2022, the unamortized liability associated with this agreement was \$1,550,000 and \$1,860,000, respectively. The amortization of the funded liability is recorded in miscellaneous income on the statements of activities.

Federal and State Financial Assistance for Students

During the years ended June 30, 2023 and 2022, the University expended approximately \$27.2 million and \$31.1 million, respectively, in federal and \$2.3 million and \$2.7 million, respectively, in state financial assistance to students. If such financial assistance were significantly reduced or discontinued, the University's operations would be impacted and possibly curtailed.

Risk Management

The University is a member of the Florida Independent Colleges and Universities Risk Management Associations, Inc. (FICURMA) insurance pool, which includes, but is not limited to, coverage of property, general and auto liability, workers' compensation and excess crime. FICURMA was formed to assist universities in the state of Florida in controlling insurance costs. There is a risk that additional assessments could be incurred by the University as the result of participation in this insurance pool. University management, however, does not believe any additional assessments exist as of June 30, 2023.

Litigation

The University is party to certain litigation as of June 30, 2023 and 2022, which relates primarily to matters arising in the ordinary course of business. Management of the University anticipates that the final resolution of these items will not have a material adverse effect on the financial position of the University.

NOTE 15 - LEASES

The University has operating and finance leases for equipment. These leases have remaining lease terms of less than 1 year to 5 years, some of which include purchase options, and options to terminate within 1 year. The University follows the new leasing standard under ASC 842.

The University's used the following principles:

Short term leases: Did not include short term leases (leases of 12 months or less) in calculating lease liabilities.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Discount rate: Used the FTSE Pension Discount Curve existing at July 1, 2020 or a comparable risk-free adjusted rate to measure all lease liabilities during the transition period, where an explicit rate had not been stated in the lease agreement. The rate used was commensurate with the weighted average term of all leases being transitioned.

Lease liability threshold: Did not recognize any leases during the transition where the calculated lease liability was less than \$100,000.

Package of practical expedients: Adopted the package of practical expedients that allow the University to forgo an assessment of the following:

- Whether an expired or existing contract contains a lease
- Classification of leases
- Initial direct costs

The University determines the existence of a lease by identifying the existence of a tangible asset, understanding whether there is a substantial economic benefit, and whether the University has the right to control the identified asset.

The components of lease expense for fiscal years 2023 and 2022 were as follows:

	2023	2022
Finance lease cost:		
Amortization of right of use asset	\$ 1,024,617	\$ 893,363
Interest on lease liabilities	49,784	37,538
Total finance lease cost	\$ 1,074,401	\$ 930,901
Operating lease cost:		
Amortization of right of use asset	\$ 131,553	\$ 58,870
Interest on lease liabilities	5,405	610
Total operating lease cost	\$ 136,958	\$ 59,480

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Supplemental cash flow information related to leases for fiscal years 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Cash paid for the amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	\$ 41,265	\$ 37,538
Financing cash flows from finance leases	1,006,575	898,010
	<u>\$ 1,047,840</u>	<u>\$ 935,548</u>
Total cash paid for finance leases		
Operating cash flows from operating leases	\$ 6,244	\$ 610
Financing cash flows from operating leases	134,688	58,870
	<u>\$ 140,932</u>	<u>\$ 59,480</u>
Total cash paid for operating leases		
Right of use assets obtained in exchange for lease obligations:		
Finance leases	\$ 3,299,673	\$ 1,943,606
Operating leases	379,931	171,407
	<u>\$ 3,679,604</u>	<u>\$ 2,115,013</u>
Total right of use assets		

Supplemental statement of position information related to leases for fiscal years 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Finance leases:		
Property, plant and equipment, gross	\$ 3,299,673	\$ 3,131,980
Accumulated depreciation	(1,496,649)	(1,669,383)
	<u>\$ 1,803,024</u>	<u>\$ 1,462,597</u>
Finance leases property, plant and equipment		
Operating leases:		
Property, plant and equipment, gross	\$ 189,509	\$ 171,407
Accumulated depreciation	(4,846)	(58,870)
	<u>\$ 184,663</u>	<u>\$ 112,537</u>
Operating leases property, plant and equipment		
Lease obligations:		
Other current liabilities	\$ 831,046	\$ 672,471
Other long-term liabilities	976,055	781,006
	<u>1,807,101</u>	<u>1,453,477</u>
Lease finance liabilities		
Other current liabilities	111,118	70,991
Other long-term liabilities	75,254	41,546
	<u>186,372</u>	<u>112,537</u>
Lease operating liabilities		
Total lease obligations	<u>\$ 1,993,473</u>	<u>\$ 1,566,014</u>

Lynn University

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Weighted average remaining lease term (years):		
Finance leases	2.5 years	2.5 years
Operating leases	1.7 years	2.0 years
Weighted average discount rate:		
Finance leases	1.80%	1.88%
Operating leases	1.90%	0.51%

Maturities of lease liabilities were as follows:

<u>Years Ending June 30:</u>	<u>Finance Leases</u>
2024	\$ 859,274
2025	647,369
2026	<u>350,242</u>
Total lease payment	1,856,885
Less imputed interest	<u>(49,784)</u>
Total	<u>\$ 1,807,101</u>
	<u>Operating Leases</u>
<u>Years Ending June 30:</u>	
2024	\$ 115,068
2025	75,400
2026	<u>1,312</u>
Total lease payment	191,780
Less imputed interest	<u>(5,408)</u>
Total	<u>\$ 186,372</u>

As of June 30, 2023, there are additional finance leases, primarily for equipment that have not yet commenced, with lease liabilities of \$2,270,634. These finance leases will commence in fiscal year 2024 with lease terms of 4 - 7 years.

Lynn University

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Other Arrangements

On May 12, 2021, the University entered into a ground lease with a developer. The executed ground lease, development and management agreements set forth the terms to which (a) the developer will lease the site; (b) the developer will design and construct for the project company; and the property manager will manage, as agent for the project company, a new student residential housing community consisting of approximately 342 beds and other associated amenities and improvements including landscape architecture and indoor and outdoor gathering spaces (project improvements). The project company will finance the development, construction and operation of the project improvements, during the term of the ground lease. The premises opened in August 2022. The University evaluated the arrangement and concluded that the transaction was not required to be recorded in the statement of financial position. For the year ended June 30, 2023 and 2022 the University recorded \$1,924,186 and \$0, respectively, in miscellaneous income on the accompanying statements of activities.

SUPPLEMENTARY INFORMATION
AND UNIFORM GUIDANCE REPORTS

Lynn University

FINANCIAL RESPONSIBILITY SUPPLEMENTARY SCHEDULE

Year ended June 30, 2023

PRIMARY RESERVE RATIO

Primary reserve ratio = expendable net assets/total expenses

	Expendable net assets	
Statement of financial position	Net assets without donor restrictions	\$ 87,915,011
Statement of financial position	Net assets with donor restrictions	41,251,317
N/A	Annuities with donor restrictions	-
N/A	Term endowments with donor restrictions	-
N/A	Life income funds with donor restrictions	-
Note 10 - Net assets	Net Assets with donor restrictions: restricted in perpetuity	(27,192,657)
Note 10 - Net assets	Net assets with donor restrictions: Other for time	(3,182,024)
Note 10 - Net assets	Net assets with donor restrictions: Other for purpose	(10,876,636)
Note 3 - Contributions receivable	Secured and unsecured related party receivables	(1,320,000)
Note 3 - Contributions receivable	Unsecured related party receivables	(1,320,000)
N/A	Unsecured other related party assets	-
Statement of financial position	Property, plant, and equipment, net	(125,410,499)
N/A	Property, plant and equipment - pre-implementation	(112,169,738)
N/A	Property, plant and equipment - post implementation with outstanding debt for original purchase	-
Note 6 - Property, plant and equipment	Property, plant and equipment - post implementation without outstanding debt for original purchase	(6,912,668)
Statement of financial position	Construction in progress	(6,328,093)
Statement of financial position	Lease right-of-use asset, net	(1,987,685)
Statement of financial position	Right-of-use assets, post-implementation	(1,987,685)
Statement of financial position	Right-of-use assets, pre-implementation	-
Note 1 - Prepaid and other assets (including inventory)	Intangibles	(511,317)
N/A	Post-employment and pension liabilities	-
Note 7 - Bonds and loans payable	Long-term debt - for long term purposes	48,095,000
Note 7 - Bonds and loans payable	Long term debt - for long term purposes pre-implementation	48,095,000
N/A	Long term debt - for long term purposes post-implementation	-
N/A	Line of credit for construction in progress	-
Statement of financial position	Lease right-of-use asset liability	1,993,473
N/A	Pre-implementation right-of-use leases liabilities	-
Statement of financial position	Post-implementation right-of-use leases liabilities	1,993,473
	Total expendable net assets	\$ 22,832,643
	Expenses	
Statement of activities	= Total expenses and losses without donor restrictions	\$ 103,198,216
Statement of activities	+ Total expenses without donor restrictions	102,646,107
N/A	+ Other components of net periodic pension cost	-
N/A	+ Change in value of split-interest agreements	-
Statement of activities	+ Other losses	552,109
	Total expenses	\$ 103,198,216
	Primary reserve ratio	0.2213

Lynn University

FINANCIAL RESPONSIBILITY SUPPLEMENTARY SCHEDULE - CONTINUED

Year ended June 30, 2023

EQUITY RATIO

Equity ratio = modified net assets/modified assets

	<u>Modified net assets</u>	
Statement of financial position	= Net assets without donor restrictions	\$ 87,915,011
Statement of financial position	+ Net assets with donor restrictions	41,251,317
Note 1 - Prepaid and other assets (including	- Intangible assets	(511,317)
Note 3 - Contributions receivable	- Unsecured related party receivables	<u>(1,320,000)</u>
	Total modified net assets	<u>\$ 127,335,011</u>
	<u>Modified assets</u>	
Statement of financial position	= Total assets	\$ 205,073,464
Note 1 - Prepaid and other assets (including	- Intangible assets	(511,317)
Note 3 - Contributions receivable	- Unsecured related party receivables	<u>(1,320,000)</u>
	Total modified assets	<u>\$ 203,242,147</u>
	Equity ratio	<u>0.6265</u>

NET INCOME RATIO

Net income ratio = change in net assets without donor restrictions/total revenue without donor restrictions

Statement of activities	Change in net assets without donor restrictions	\$ 4,565,016
	<u>Total revenue without donor restrictions</u>	
Statement of activities	= Total revenue and gains without donor restrictions	106,843,788
Statement of activities	+ Total operating revenue and other additions (gains)	102,215,720
N/A	+ Investment return appropriated for spending	-
Statement of activities	+ Non-operating revenue and other gains	<u>4,628,068</u>
	Total revenue without donor restrictions	<u>\$ 106,843,788</u>
	Net income ratio	<u>0.0427</u>

	<u>Ratio</u>	<u>Strength</u>	<u>Weight</u>	<u>Composite</u>
Primary reserve	0.2213	2.2125	40%	0.8850
Equity	0.6265	3.7591	40%	1.2000
Net income	0.0427	2.0682	20%	<u>0.4136</u>
Financial Responsibility Composite Score (maximum of 3.0)				<u><u>2.50</u></u>

Lynn University

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2023

Federal Grantor/State Agency, Pass-Through Grantor Federal Program or Cluster Title/State Project	Assistance Listing Number	Federal/State Expenditures	Match	Total Expenditures
U.S. Department of Education:				
Student Financial Aid - Cluster:				
Federal Supplemental Educational				
Opportunity Grant	84.007	\$ 275,000	\$ 92,000	\$ 367,000
Federal Work-Study	84.033	222,016	74,005	296,021
Federal Pell Grant	84.063	3,680,999	-	3,680,999
Federal Direct Student Loans	84.268	22,872,985	-	22,872,985
TEACH Grant	84.379	3,772	-	3,772
		<u>27,054,772</u>	<u>166,005</u>	<u>27,220,777</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				
State Projects				
Florida Department of Education:				
Florida Minority Teacher's Fund	48.049	\$ 4,000	\$ -	\$ 4,000
Florida Effective Access to Student Education Program	48.064	1,454,000	-	1,454,000
Florida Work Experience Program	48.053	11,424	-	11,424
Florida Private Student Assistance Grant	48.054	182,755	-	182,755
Florida Department of State Division of Cultural Affairs	45.061	150,000	-	150,000
Florida Department of Highway Safety & Motor Vehicles	76.052	2,865	-	2,865
Florida CSDDV	48.055	21,522	-	21,522
Florida Bright Futures Scholarship Project	48.059	448,395	-	448,395
		<u>2,274,961</u>	<u>-</u>	<u>2,274,961</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE				

The accompanying notes to the schedule of expenditures of federal awards and state financial assistance should be read in conjunction with this schedule.

Lynn University

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

Year ended June 30, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal and state grant activity of Lynn University (the "University") under programs/projects of the federal and state governments for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, Section 215.97, *Florida Statutes*, and Chapter 10.650, *Rules of the Auditor General*. Because the Schedule presents only a select 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 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The University has not elected to use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance. The University had no awards that were passed through to subrecipients.

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT
AUDITING STANDARDS**

To the Board of Trustees of
Lynn University

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 (*Government Auditing Standards*), the financial statements of Lynn University (the "University"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 20, 2023.

Report on internal control over financial reporting

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

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

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

Report on compliance and other matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

Purpose of this report

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

Grant Thornton LLP

New York, New York
October 20, 2023

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE
PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF THE
AUDITOR GENERAL OF THE STATE OF FLORIDA, AND THE FLORIDA
SINGLE AUDIT ACT**

To the Board of Trustees of
Lynn University

**Report on compliance for each major federal program and state
project**

Opinion on each major federal program and state project

We have audited the compliance of Lynn University (the "University") with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget's *OMB Compliance Supplement*, and the requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the University's major federal programs and state projects for the year ended June 30, 2023. The University's major federal program and state project are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2023.

Basis for opinion on each major federal program and state project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (US GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the Florida Single Audit Act (Section 215.97, Florida Statutes), and Chapter 10.650, Rules of the Auditor General of the State of Florida (Florida Single Audit). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. 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 and state projects.

Auditor's responsibilities for the audit of compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS, *Government Auditing Standards*, and the Uniform Guidance, and the Florida Single Audit 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 their major federal program and state project as a whole.

In performing an audit in accordance with US GAAS, *Government Auditing Standards*, the Florida Single Audit, 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 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 and the Florida Single Audit, 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 or state project 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 or state project 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 or state project 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the University's internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

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 and the Florida Single Audit. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

New York, New York
October 20, 2023

Lynn University

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____	yes	_____	<u>X</u>	no
Significant deficiency(ies) identified?	_____	yes	_____	<u>X</u>	none reported
Noncompliance material to financial statements noted?	_____	yes	_____	<u>X</u>	no

Federal Awards

Internal control over the major program: Unmodified

Material weakness(es) identified?	_____	yes	_____	<u>X</u>	no
Significant deficiency(ies) identified?	_____	yes	_____	<u>X</u>	none reported

Type of auditors' report issued on compliance for the major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____	yes	_____	<u>X</u>	no
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Identification of the Major Programs:

Assistance Listing Number(s)	Name of Federal Program of Cluster
Various	Student Financial Aid Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?	<u>X</u>	yes	_____	no
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State Financial Assistance:

Type of auditors' report issued on compliance for major state project: Unmodified

Internal control over major state project:

Material weakness(es) identified?	_____	yes	_____	<u>X</u>	no
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Lynn University

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended June 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters reported.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters reported.

SECTION IV - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No matters reported.

There are no findings required to be reported in a management letter pursuant to Section 10.654(1) *Rules of the Auditor General of the State of Florida*.

Lynn University

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the year ended June 30, 2023

Finding #	Program Name	Summary of Findings	Status
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None reported.



October 20, 2023

Grant Thornton LLP
757 Third Avenue
New York, NY 10017

We are providing this letter in connection with your audit of Lynn University's ("University") compliance with the types of compliance requirements described in Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), the Florida Single Audit Act (Section 215.97, Florida Statutes), and Chapter 10.650, Rules of the Auditor General that could have a direct and material effect on each of its major federal programs (hereinafter referred to as "compliance requirements") for the year ended June 30, 2023 for the purpose of expressing an opinion as to whether the University complied with such requirements.

We confirm we are responsible for complying with the compliance requirements and for understanding and complying with the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards related to each of the University's federal and state programs. We also acknowledge our responsibility for the design, implementation, and maintenance of effective internal control over compliance for federal and state programs that provides reasonable assurance that the University is managing federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of the federal and state awards that could have a material effect on its federal and state programs. We also acknowledge our responsibility for taking corrective action on audit findings and developing a corrective action plan that meets the requirements of the Uniform Guidance and the Florida Single Audit Act.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, as of October 20, 2023, the following representations made to you during your audit.

1. We have complied with the compliance requirements and with the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards related to each federal and state program.
2. We have identified and disclosed to you all government programs and related activities subject to the compliance requirements.
3. We have identified and disclosed to you the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards that are considered to have a direct and material effect on each major program.
4. We have designed, implemented, and maintained effective internal control over compliance for federal and state programs that provides reasonable assurance that the University is managing federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of the federal award that could have a material effect on its federal and state programs.
5. We have made available or provided to you all compliance records and related data, including:
 - a. All federal and state awards, including any related amendments, and any other correspondence relevant to federal and state programs and related activities that have taken place with federal and state agencies or pass-through entities
 - b. All documentation related to compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements
 - c. Copies of the federal and state program financial reports submitted, or electronically transmitted, to the federal and state agency or pass-through University, as applicable
 - d. Our interpretation of any compliance requirements that are subject to varying interpretations and related communications from regulatory agencies supporting our interpretation.
 - e. Documentation of internal control over compliance.
6. In accordance with our responsibility to take corrective action on audit findings of the compliance audit and to develop a corrective action plan that meets the compliance requirements, we have:

- a. Established and maintained a process to address and track the status of audit findings, conclusions, and recommendations, and provided to you our views on such matters, as well as planned corrective actions
 - b. Identified and disclosed to you findings received and the related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring or other studies that directly relate to the objectives of the compliance audit, including findings received and related corrective actions taken from June 30, 2023 and through the date of this letter.
 - c. Provided to you all information on the status of the follow-up on prior audit findings by federal or state awarding agencies and pass-through entities, including all management decisions and whether any related recommendations were implemented or corrective actions taken.
7. There are no:
- a. Amounts questioned and all known noncompliance, whether intentional or unintentional, with the direct and material compliance requirements of federal and state awards.
 - b. Known control deficiencies, including significant deficiencies and material weaknesses, in the design or operation of internal control over compliance.
 - c. Communications from federal and state awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received subsequent to June 30, 2023 and through the date of this letter.
8. Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared and are prepared on a basis consistent with the Schedule of Expenditures of Federal Awards and State Financial Assistance.
9. We have charged costs to federal and state awards in accordance with applicable cost circulars/principles.
10. We have determined that the University does not have any subrecipient relationships.
11. There are no contracts or other agreements with service organizations.
12. We are responsible for, and have accurately prepared, the Summary Schedule of Prior Audit Findings to include all findings required to be included by the compliance requirements.
13. The reporting package does not contain protected personally identifiable information.
14. We have accurately completed the appropriate sections of the Data Collection Form.
15. We have no knowledge of fraud or suspected fraud affecting the federal and state programs of the University involving:
- a. Management
 - b. Employees who have significant roles in internal control over compliance, or
 - c. Others where the fraud could have a material effect on compliance.
16. We have no knowledge of any allegations of fraud or suspected fraud affecting the federal and state programs of the University received in communications from employees, former employees, analysts, regulators, or others.
17. We have no knowledge of instances of waste or abuse that have occurred or are likely to have occurred that could be quantitatively or qualitatively material to the federal and state programs of the University.
18. We acknowledge our responsibility for the preparation and presentation of the Schedule of Expenditures of Federal Awards and State Financial Assistance in accordance with the compliance requirements. Such supplementary information, including its form and content, is fairly presented in accordance therewith. The methods of measurement and presentation of the supplementary information are consistent with those used in the prior period. We have disclosed to you the significant assumptions and interpretations underlying the measurement and presentation of the supplementary information.
19. We will make the audited financial statements readily available to the intended users of the Schedule of Expenditures of Federal Awards and State Financial Assistance no later than the issuance date of the Schedule of Expenditures of Federal Awards and State Financial Assistance and the auditor's report thereon.
20. Subsequent to June 30, 2023 and through the date of this letter:
- a. No events have occurred that provide additional evidence with respect to conditions that existed at the end of the reporting period that would affect noncompliance during the reporting period.

- b. There were no known instances of noncompliance with direct and material compliance requirements.
- c. There were no findings received or related corrective actions taken.
- d. There were no changes in internal control over compliance or other factors that might significantly affect such internal control, including any corrective action taken by management with regard to significant deficiencies or material weaknesses in internal control over compliance.

LYNN UNIVERSITY



Kevin Ross, President



Ronaldo Edwards, Controller



Evelyn Nelson, Executive Director