

OATH OR AFFIRMATION

I, Robert Barr, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Lincoln International LLC, as of December 31, 2021, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.



Signature: Robert B Barr

Title: Managing Director

Notary Public Christa Rae Winikates

This filing** contains (check all applicable boxes):

- (a) Statement of financial condition.
- (b) Notes to consolidated statement of financial condition.
- (c) Statement of income (loss) or, if there is other comprehensive income in the period(s) presented, a statement of comprehensive income (as defined in § 210.1-02 of Regulation S-X).
- (d) Statement of cash flows.
- (e) Statement of changes in stockholders' or partners' or sole proprietor's equity.
- (f) Statement of changes in liabilities subordinated to claims of creditors.
- (g) Notes to consolidated financial statements.
- (h) Computation of net capital under 17 CFR 240.15c3-1 or 17 CFR 240.18a-1, as applicable.
- (i) Computation of tangible net worth under 17 CFR 240.18a-2.
- (j) Computation for determination of customer reserve requirements pursuant to Exhibit A to 17 CFR 240.15c3-3.
- (k) Computation for determination of security-based swap reserve requirements pursuant to Exhibit B to 17 CFR 240.15c3-3 or Exhibit A to 17 CFR 240.18a-4, as applicable.
- (l) Computation for Determination of PAB Requirements under Exhibit A to § 240.15c3-3.
- (m) Information relating to possession or control requirements for customers under 17 CFR 240.15c3-3.
- (n) Information relating to possession or control requirements for security-based swap customers under 17 CFR 240.15c3-3(p)(2) or 17 CFR 240.18a-4, as applicable.
- (o) Reconciliations, including appropriate explanations, of the FOCUS Report with computation of net capital or tangible net worth under 17 CFR 240.15c3-1, 17 CFR 240.18a-1, or 17 CFR 240.18a-2, as applicable, and the reserve requirements under 17 CFR 240.15c3-3 or 17 CFR 240.18a-4, as applicable, if material differences exist, or a statement that no material differences exist.
- (p) Summary of financial data for subsidiaries not consolidated in the statement of financial condition.
- (q) Oath or affirmation in accordance with 17 CFR 240.17a-5, 17 CFR 240.17a-12, or 17 CFR 240.18a-7, as applicable.
- (r) Compliance report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (s) Exemption report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (t) Independent public accountant's report based on an examination of the statement of financial condition.
- (u) Independent public accountant's report based on an examination of the financial report or financial statements under 17 CFR 240.17a-5, 17 CFR 240.18a-7, or 17 CFR 240.17a-12, as applicable.
- (v) Independent public accountant's report based on an examination of certain statements in the compliance report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (w) Independent public accountant's report based on a review of the exemption report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (x) Supplemental reports on applying agreed-upon procedures, in accordance with 17 CFR 240.15c3-1e or 17 CFR 240.17a-12, as applicable.
- (y) Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit, or a statement that no material inadequacies exist, under 17 CFR 240.17a-12(k).
- (z) Other: _____

**To request confidential treatment of certain portions of this filing, see 17 CFR 240.17a-5(e)(3) or 17 CFR 240.18a-7(d)(2), as applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Managers and Member of Lincoln International LLC:

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Lincoln International LLC (the "Company") as of December 31, 2021, and the related notes (collectively referred to as the "financial statement"). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company as of December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

The financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

Deloitte & Touche LLP

February 11, 2022

We have served as the Company's auditor since 2020.

Lincoln International LLC
Statement of Financial Condition
As of December 31, 2021

Assets	
Cash and cash equivalents	\$ 208,653,254
Restricted cash	3,104,055
Accounts receivable	10,200,094
Unbilled client receivable	1,362,232
Receivable from affiliates	2,906,798
Prepaid expenses	2,490,962
Furniture, equipment and leasehold improvements, net	23,794,181
Other assets	6,056,376
Right-of-use lease asset	84,056,647
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Total assets	\$ 342,624,599
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Liabilities and Member's Equity	
Liabilities	
Accrued profit-sharing contribution	\$ 1,650,000
Accounts payable and accrued expenses	3,652,221
Payable to affiliates	1,518,498
Accrued bonus payable	15,012,052
Deferred revenue	474,493
Lease liability	108,330,339
Total liabilities	130,637,603
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Member's Equity	211,986,996
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Total liabilities and member's equity	\$ 342,624,599

See Notes to Statement of Financial Condition

Notes to Statement of Financial Condition

Note 1. Nature of Operations and Significant Accounting Policies

Nature of operations: Lincoln International LLC (the Company) (an Illinois limited liability company) is in the business of investment banking and providing merger and acquisition, debt advisory, and other related services to middle market businesses worldwide, which comprises a single operating and reportable segment. The Company is registered as a broker-dealer in securities with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). The Company will continue operations until 2036 unless earlier terminated and dissolved in accordance with the provisions of the limited liability company agreement.

The Company is a wholly owned subsidiary of Lincoln International, LP (the Parent). The majority members of the Parent are Robert Bruce Barr, Lawrence James Lawson, III, and Robert Todd Brown, who serve as managers of the Company. Lincoln Partners Advisors LLC (LPA) is also a wholly owned subsidiary of the Parent. Offices of the Parent and the Company are located in Chicago, Dallas, Los Angeles, New York, and San Francisco. The Parent has subsidiaries and affiliates in Austria, Belgium, Brazil, China, France, Germany, India, Italy, Japan, the Netherlands, Russia, Spain, Sweden, Switzerland, and the United Kingdom.

The following is a summary of the Company's significant accounting policies:

Accounting policies: The Company follows generally accepted accounting principles (GAAP), as established by the Financial Accounting Standards Board (the FASB), to ensure consistent reporting of financial condition, results of operations, and cash flows.

Use of estimates: The preparation of the statement of financial condition in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash, cash equivalents, and restricted cash: The Company considers all highly liquid debt instruments acquired with a maturity of three months or less to be cash equivalents. Cash and cash equivalents include money market funds. The Company may invest excess cash in short-term money market fund instruments. The Company considers any portion of cash that cannot be withdrawn without prior notice or penalty to be restricted cash.

Fair value of financial instruments: Investments are recorded on trade date and reflected at fair value. Unrealized gains and losses are reflected in income.

Revenue recognition and accounts receivable:

Investment Banking and Advisory Fees – Investment banking and advisory fee revenues are recognized when the Company satisfies its performance obligation by delivering the promised services to its clients under the terms of each engagement. The Company's investment banking fees generally consist of a nonrefundable up-front fee and a success fee. The Company may also receive milestone fees and opinion fees for select engagements.

The nonrefundable fee is initially recorded as a deferred revenue liability and is recognized over time as the performance obligations are provided by the Company. The Company's standard practice is to recognize this deferred revenue over 8 months, which the Company has assessed as the average life of an engagement. Any nonrefundable fees are recognized immediately if a deal is considered to be terminated.

Milestone fees arise when a specific outcome, which is outlined in the client contract, has been reached in an investment banking engagement. The Company fully recognizes milestone fee revenue when the specific outcome has been achieved.

Notes to Statement of Financial Condition

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

The Company recognizes success fee revenue upon the satisfaction of the related performance obligation, which generally occurs upon successful closing of an engagement.

Fairness opinion engagement revenues generally consist of an up-front fee and an opinion fee. The Company has assessed the average life of a fairness opinion engagement as three weeks, so its standard practice is to recognize the up-front fee revenue when it is billed. The opinion fee revenue is recognized upon completion of the opinion. At this time, the Company's performance obligation is fulfilled, and the client obtains control of the promised service.

Management Fees from Affiliate – The Company receives a management fee for services performed for its affiliate, LPA, equal to 50% of the revenue earned by LPA. LPA revenue consists of portfolio valuations, advisory valuations and transaction opinion services performed on behalf of clients. This fee is recorded as revenue upon completion of the valuation work and upon meeting the performance obligation and is governed by a service agreement between LPA and the Company.

While the majority of the Company's revenue is earned from success fees on the successful closing of an engagement, deferred revenue represents the contract liabilities related to non-refundable fees received for which the performance obligation has not been satisfied. Accounts receivable primarily represents contract assets from investment banking and advisory services, and includes both billed and unbilled amounts. Uncollectible amounts are written off at the time the individual receivable is determined to be uncollectible. The Company assesses credit losses on an individual basis. As of December 31, 2021, there was a balance of approximately \$83,500 in allowance for credit losses.

At January 1, 2021 and December 31, 2021, the asset and liability balances related to contracts with clients were as follows:

	As of 1/1/21	As of 12/31/21
Client accounts receivable	\$ 8,692,699	\$11,109,738
Receivable from LPA	12,210,815	2,129,433
Total	<u>\$20,903,514</u>	<u>\$13,239,171</u>
Deferred revenue liability	<u>\$ 1,346,275</u>	<u>\$ 474,493</u>

Furniture, equipment and leasehold improvements: Depreciation and amortization are computed under straight-line methods over the estimated useful lives of the assets as follows:

Computer equipment	3 years
Other equipment	5 years
Furniture	7 years
Leasehold improvements	Lease term

Notes to Statement of Financial Condition

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Income taxes: The Company is a single member limited liability company and is treated as a disregarded entity for federal and most state tax jurisdictions. Generally, the Company's taxable income is reported as part of the Parent's tax returns. Accordingly, no provision or benefit for income taxes has been made.

The FASB provides guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense and liability in the current year. Through December 31, 2021, management has determined there are no material uncertain income tax positions. The Parent and the Company are generally not subject to U.S. federal, state or local income tax examinations for tax years before 2017.

Leases: The Company is a lessee in several operating leases for office space and minor office equipment with noncancelable terms in excess of one year. These leases generally contain renewal options for periods ranging from one to five years. Because the Company is not reasonably certain to exercise the renewal options, the renewal periods are not included when determining the lease term and the costs associated with the renewal options are excluded from lease payments.

At the commencement date of the lease, the Company recognizes a lease liability and a right-of-use asset. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. The Company uses its incremental borrowing rate as the discount rate because the implicit rates of its leases are not readily determinable. The incremental borrowing rate is the rate of interest the Company would pay to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The right-of-use asset is subsequently measured throughout the lease term at the present value of the remaining lease payments, plus any prepaid lease payments, less the unamortized balance of lease incentives received. Lease cost is recognized on a straight-line basis over the lease term.

As of December 31, 2021, the weighted average remaining lease term and weighted average discount rate for the Company's operating leases are 11.5 years and 2.34% respectively.

Note 2. Furniture, Equipment and Leasehold Improvements

At December 31, 2021, furniture, equipment and leasehold improvements consist of:

Furniture and equipment	\$ 6,214,640
Leasehold improvements	22,603,263
Construction in progress	983,704
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	29,801,607
Accumulated depreciation and amortization	(6,007,426)
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	\$ 23,794,181

Notes to Statement of Financial Condition

Note 3. Commitments and Indemnification

The Company leases office space for its offices in Chicago, Los Angeles, New York, Dallas and San Francisco under noncancelable operating lease agreements that expire at various dates through 2034. There are security deposit requirements on the leases for the Company's New York, Chicago, and San Francisco offices for which it maintains letters of credit with JPMorgan Chase and Morgan Stanley. JPMorgan Chase and Morgan Stanley have placed restrictions on the Company's cash resources of \$323,925 and \$2,689,006, respectively. These amounts act as collateral for the letters of credit and are reported as restricted cash on the statement of financial condition.

As the result of a lease amendment, the Company remeasured its Chicago lease in January 2021. The incremental borrowing rate used to value the lease was also reassessed with this remeasurement. The remeasurement resulted in a decrease of approximately \$2.8 million and \$2.7 million to the right-of-use lease asset and lease liability, respectively.

In November 2021, the Company entered into a new operating lease for its San Francisco office. The Company took possession of the new property in the same month and recorded a right-of-use lease asset and lease liability totaling \$14.6 million and \$16.4 million, respectively. The existing San Francisco lease terminates in May 2022.

The Company also signed a lease amendment for its New York office space in November 2021. The amendment extended the lease term for the original premises from 2030 to 2033 and expanded the space to include an additional floor. The Company took possession of the additional floor in December 2021 and recorded a right-of-use asset and lease liability of \$15.8 million and \$19.8 million, respectively. Additionally, the right-of-use lease asset and lease liability related to the original floor increased by \$4.3 million and \$4.4 million, respectively.

Future minimum annual rentals required under the lease agreements, excluding additional payments for certain operating, tax and maintenance costs are approximately as follows:

	<u>Total</u>
2022	\$ 7,880,871
2023	10,436,745
2024	10,596,765
2025	10,218,604
2026	10,327,797
Thereafter	75,174,671
	<u>\$ 124,635,452</u>

In the normal course of business, the Company is subject to various claims, litigation, regulatory and arbitration matters. Because these claims and matters are at different stages, management is unable to predict their outcomes. The Company also enters into contracts that contain a variety of representations and warranties that provide indemnifications under certain circumstances. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred. The Company expects the risk of loss to be remote.

Notes to Statement of Financial Condition

Note 4. Employee Compensation and Benefit Plan

Certain employees' compensation consists of a base salary and an annual performance bonus. The annual performance bonus payable to employees may be subject to forfeiture if, among other things, the employee's employment terminates prior to the payment date. This compensation is expensed over the period that future service is provided. The annual performance bonus, subject to certain conditions, is fully paid within two years after the date of the award.

The Company may also award cash bonuses to new employees as incentives to join the Company. These bonuses may be paid over time, and future payments related to these awards are generally subject to the same forfeiture provisions as the annual performance bonuses. Accordingly, the related expense is recognized over the service period.

The Company maintains a qualified profit sharing and 401(k) plan for the benefit of all employees (excluding interns, who are not eligible to participate in the plan) who have attained age 18. Effective January 1, 2017, the Company makes a 3% safe harbor non-elective contribution with immediate vesting for Non-Highly Compensated Employees (as defined by the IRS). The Company also makes a discretionary profit-sharing contribution to Highly Compensated Employees, subject to vesting over a six year period.

Note 5. Concentration of Credit Risk

The Company maintains deposits at financial institutions that at times may exceed federally insured limits. The Company has not experienced any losses in these accounts and management believes the Company is not exposed to any significant credit risks.

Note 6. Related-Party Transactions

The Company earns assistance fees from and incurs assistance fees to other entities affiliated by common ownership. The fees are governed by various percentages outlined in a service agreement between the Company and its affiliates.

At December 31, 2021, the Company had a net receivable from these affiliates of \$433,815 from these activities. The amounts between the entities are as follows:

	Net Receivable (Payable) Balance
Lincoln International Advisors Private Limited	\$ 179,903
Lincoln International AG	(133,333)
Lincoln International Assessoria Empresarial Limitada	75,657
Lincoln International CIS Holdings B.V.	166,288
Lincoln International Inc.	(33,112)
Lincoln International Investment Consulting Co. Ltd.	36,270
Lincoln International LLP	(27,104)
Lincoln International SAS	290,972
Lincoln International Spain S.L.	28,272
Lincoln International SrL	(150,000)
Total	<u>\$ 433,815</u>

Notes to Statement of Financial Condition

Note 6. Related-Party Transactions (Continued)

The Company pays for certain reimbursable expenses during the year on behalf of the Parent. At December 31, 2021, the Company had a net payable balance to the Parent in the amount of \$1,174,949 which is included in payable to affiliates on the statement of financial condition.

The Company receives a management fee for services performed under its arrangement with LPA. At December 31, 2021, the Company had a net receivable balance from this entity in the amount of \$2,129,433 which is included in receivable from affiliates on the statement of financial condition.

In 2019, the Company also pledged \$25,000,000 in cash for the Parent's line of credit at Morgan Stanley, which has a borrowing capacity of \$20,000,000. There were no outstanding borrowings at December 31, 2021.

Note 7. Net Capital Requirements

The Company is subject to the SEC Uniform Net Capital Rule (SEC Rule 15c31). Under this Rule, the Company is required to maintain "net capital" of \$5,000 or 62/3 percent of "aggregate indebtedness," whichever is greater, as these terms are defined. The Rule also requires that the ratio of aggregate indebtedness to net capital, both as defined, does not exceed 15 to 1, and provides that equity capital may not be withdrawn if the resulting net capital ratio would exceed 10 to 1.

At December 31, 2021, the Company had net capital and net capital requirements of \$161,629,439 and \$3,105,399, respectively. The Company's net capital ratio was .29 to 1. The net capital rule may effectively restrict distributions to the Parent.

The Company does not claim an exemption from 17 C.F.R. § 240.15c3-3 of the SEC under paragraph (k) of that rule. The Company is relying on Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5.

Note 8. Subsequent Event

The Company made an equity distribution to its sole member, Lincoln International LP, of \$100,000,000 on January 14, 2022.