Franklin & Marshall College

Statement of Institutional Assistance Grant Revenues, Expenditures and Changes in Net Assets

June 30, 2015
Franklin & Marshall College
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Board of Trustees
Franklin & Marshall College

Report on the Financial Statement

We have audited the accompanying statement of Institutional Assistance Grant revenues, expenditures and changes in net assets (the “financial statement”) of Franklin & Marshall College (the “College”) for the year ended June 30, 2015, and the related notes to the financial statement.

Management’s Responsibility for the Financial Statement

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

Auditors’ Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures and changes in net assets of the Institutional Assistance Grant of the College for the year ended June 30, 2015 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statement, the financial statement was prepared to present the revenues, expenditures and changes in net assets of the Institutional Assistance Grant of the College and is not intended to be a complete presentation of the College’s revenues, expenditures, and changes in net assets. Our opinion on the financial statement is not modified with respect to this matter.

Report on Legal and Other Regulatory Matters

In connection with our audit, nothing came to our attention that caused us to believe that: Institutional Assistance Grant funds were not used in compliance with Commonwealth of Pennsylvania General Assembly Act No. 174 and the Agreement between the Pennsylvania Higher Education Assistance Agency and the College; the College had used the funds for the construction, maintenance or operation of facilities primarily used for worship or any other sectarian or denominational activity, or as financial aid directly to students enrolled in programs designed to prepare students for the active ministry or clergy; or, that the College was a recipient of a direct appropriation from the Commonwealth of Pennsylvania and had not maintained its nonprofit status during the year ended June 30, 2015, insofar as they relate to accounting matters. However, our audit was not directed primarily towards obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the College’s noncompliance with the above referenced terms, insofar as they relate to accounting matters.

Restricted Use

This report is intended solely for the information and use of the Board of Trustees, management, others within the College and the Pennsylvania Higher Education Assistance Agency and is not intended to be and should not be used by anyone other than these specified parties.

Baker Tilly Viejcowa Krouse, LLP

Wyomissing, Pennsylvania
December 11, 2015
Institutional Assistance Grant

Franklin & Marshall College
Statement of Institutional Assistance Grant Revenues, Expenditures and Changes in Net Assets
Year Ended June 30, 2015

<table>
<thead>
<tr>
<th>Revenues</th>
<th></th>
<th></th>
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<tbody>
<tr>
<td></td>
<td>Advance payment from PHEAA</td>
<td>$ 78,080</td>
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<tr>
<td></td>
<td>Reconciliation payment from PHEAA</td>
<td>10,311</td>
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<tr>
<td></td>
<td>Total revenues</td>
<td>88,391</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures</th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Operating expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Educational:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audio visual learning center</td>
<td>2,500</td>
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<tr>
<td>Utilities</td>
<td>20,891</td>
<td></td>
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<tr>
<td>Security services</td>
<td>50,000</td>
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<tr>
<td>Fixed assets:</td>
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<td></td>
</tr>
<tr>
<td>Library books and equipment</td>
<td>15,000</td>
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<tr>
<td>Total expenses</td>
<td></td>
<td>88,391</td>
</tr>
<tr>
<td>Excess of revenues over expenditures</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

Net Assets, July 1, 2014 | - |
Net Assets, June 30, 2015 | $ - |

See notes to financial statement

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1. **Purpose of Grant**

The Institutional Assistance Grant (the "Grant") of Franklin & Marshall College (the "College") was established in July 1974 by the Commonwealth of Pennsylvania General Assembly Act No. 174 in order to preserve the quality of independent institutions of higher education in the Commonwealth of Pennsylvania by monitoring the costs charged to students at such institutions.

2. **Basis of Presentation**

The accompanying statement of Institutional Assistance Grant revenues, expenditures and changes in net assets has been prepared on the accrual method of accounting. The statement includes only those revenues and expenditures related to the Institutional Assistance Grant Program of the College.

Revenues have been recognized in the period earned. The expenditures, all of which are allocations, have been recognized in the period incurred.

3. **Income Tax**

The College is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.