

**WVSOM Board of Governors**  
**Finance and Audit Committee**  
**Thursday, January 29, 2026, at 9:00 a.m.**  
**Location: Embassy Suites, Salons A, B, & C**  
**300 Court Street, Charleston, WV**

**I. Call to Order/Roll Call**

The meeting was called to order at 9:00 a.m. by Dr. Muscari.

**II. Approval of Minutes**

A. November 7, 2025

A motion to approve the minutes of the November 7, 2025, Finance and Audit Committee meeting was made by Dr. Wood and seconded by Dr. Fitzwater. The motion passed unanimously.

**III. Committee Items**

A. WVSOM Office of Business Affairs Update (*McAllister*)

1. The Financial Health of WVSOM

a. FY25 Review

Mr. McAllister presented the FY25 financial health overview emphasizing the importance of WVSOM's financial strength in supporting WVSOM's mission, ensuring accreditation compliance, and sustaining long-term institutional resilience. WVSOM's Composite Financial Index (CFI) shows WVSOM maintaining a strong score. Trends from 2019–2025 indicate continued overall financial stability.

Mr. McAllister reviewed the provided slides regarding the operating and non-operating revenues, noting that non-operating income—including state appropriations and investment earnings—continues to subsidize operating losses from tuition and fees. Although operating margins are trending downward, overall net position remains positive, and no immediate concerns were identified. Mr. McAllister noted a long-term review of state appropriations showed 39% growth over 16 years; however, this trails the higher education price index, which grew approximately 47% over the same period. Cash and investment balances remain strong, with FY25 ending at 598 days of cash on hand above the Higher Education Policy Commission's benchmark of 250 days.

b. FY26 Financial Update as of December 31, 2025

The committee reviewed WVSOM's mid-year financial position as of December 31 with details and line-item breakdowns provided in members' packets. No concerns were identified in the year-to-date financials. Trend comparisons of December 31 results from FY22 through FY26 show that current performance aligns with budget expectations, reflecting six months of the fiscal year.

c. FY27 Draft Budget

The committee reviewed the provided overview of the proposed FY27 budget. Mr. McAllister noted that this initial draft may be adjusted before final approval in March based on pending decisions and updated information. A side-by-side comparison with the FY26 operating budget was provided. The proposed FY27 budget is currently balanced, showing an approximately \$1.1 million positive margin.

The FY 27 budget reflects the 2% draw from the Morgan Stanley investment account authorized in FY25. Unlike prior years, when the draw was applied as an expense reduction, the draw will be shown as revenue to provide clearer long-term visibility.

Certain costs historically included in previous budgets are not part of the current FY27 proposal. Specifically, the draft excludes personnel and operational expenses associated with the Robert C. Byrd Clinic, including practice plan funding and janitorial/shared services. Any changes resulting from the Board's discussion and decisions may alter the budget before it is resubmitted in March. The proposed budget does continue to fund WVSOM's obligations to the Clinic for educational and student services (pre-clinical teaching, student health services, and pre-existing shared expenses.)

2. Facilities Update

The committee received an update on major facilities projects. The science building project received five competitive bids and it is recommended to award the contract to SQP Construction Group of St. Albans. The contract includes a 600-day construction timeline. This recommendation will be advanced to the full Board for approval.

A progress update was also provided on the student housing feasibility study noting that the institution awarded The Boles Group, a firm specializing in real estate operational and advisory services, our contract. The study is expected to take approximately 90 days, with a final report anticipated by the end of May and the formal presentation scheduled for the June Board meeting.

Deferred maintenance projects continue to move forward as planned. The Office of Business Affairs has launched a dedicated OBA SharePoint site where Board members can review real-time updates on deferred maintenance status. Members were reminded that they may contact the office with any questions.

3. Approval of Amendment to Edward Tucker Architects Contract (*Action Required*)

Mr. McAllister reviewed two contract approval requests submitted in accordance with the Board of Governors' resolution delegating contract authority to the WVSOM President.

Mr. McAllister requested approval from the committee a change order to the Edward Tucker Architects contract related to the Frederick W. Smith Science

Building project. The change order includes: construction observation and testing services, and an adjustment to the firm's basic services fee aligning compensation with the final construction cost.

The combined total of the change order is slightly over \$500,000 and is required by Edward Tucker's original contract which based estimated construction costs, with compensation set at 8.25% of total project cost. Once bids were finalized, the contract needed to be adjusted to reflect actual costs. Additionally, construction observation and testing—previously planned under a separate contract—have now been consolidated under Edward Tucker Architects for improved efficiency and project management.

A motion to approve the amendment was made, seconded, and carried with no opposition.

4. Approval of Science Building Construction Bid (Action Required)

Mr. McAllister also requested approval for the construction contract with SQP Construction Group which is in line with the anticipated budget for the science building. The science building construction bid was approved by this committee and will go to the full board for approval.

B. Robert C. Byrd Clinic (RCBC) Update

1. FY26 Financial Status as of December 31, 2025 (*Nemcik*)

Ms. Nemcik provided the Robert C. Byrd Clinic's financial status for Fiscal Year 2026. She reported that cash flow remains strong and the clinic continues to meet budget expectations. The Fiscal Year 2025 audits—including the single audit, financial audit, and the audit of the 403(b) account—are nearing completion.

RCBC's net revenue remains positive as of November 30 and the clinic continues to reduce its line-of-credit balance.

2. Operational Update (*Nemcik*)

Ms. Nemcik reported that planning is underway for the development of a new student health center serving students, faculty, staff, and employees of the Clinic, along with a walk-in clinic to support patients needing same-day care.

RCBS's Operational metrics continue to demonstrate improvement and productivity remains strong compared to previous fiscal years. CMS regulatory changes now allow the clinic to bill for vaccines—such as flu and COVID-19—at the time of service rather than waiting for cost report reimbursement. This change provides a meaningful positive impact during peak vaccine months.

The RCBC business office reported major improvements in denial rates placing the clinic below national benchmarks. Time to revenue has also improved and Ms. Nemcik attributed part of this to providers' improved chart documentation and timelier chart closure.

Ms. Nemcik concluded by noting that key performance indicators are trending positively and the clinic remains in a strong financial position.

3. Special Task Force Report (*Hill & Fitzwater*)

Dr. Hill and Dr. Fitzwater provided an update on the work of the Special Task Force.

Dr. Hill began by summarizing her evaluation on whether the Robert C. Byrd Clinic should pursue designation as an FQHC Look-Alike which she presented to the RCBC Board. One concern is a FQHC Look-Alike status mandates a fully community-based board, which would result in WVSOM and the current Clinic Board relinquishing control of the clinic during a period of ongoing operational improvements. Dr. Hill also noted that FQHC Look-Alikes do not receive federal malpractice coverage, presenting additional risk. Based on these concerns, Dr. Hill recommended the clinic explore alternative strategies for sustainability.

The RCBC Special Task Force evaluated long-term structural options for the clinic and identified potential approaches for the clinic. Dr. Hill mentioned that detailed personnel-related findings would be discussed in executive session, while the committee received a high-level summary in open session.

One of the RCBC Special Task Force recommendation includes the rebranding RCBC to align directly with WVSOM's educational mission, emphasizing that the clinic partnership as RCBC operates under the name "West Virginia School of Osteopathic Medicine, doing business as Robert C. Byrd Clinic." The proposed model envisions the clinic functioning as a fully integrated school-run clinical entity, consistent with state requirements governing practice plans. This requires restructuring RCBC's governing board to align with West Virginia Code and ensure that leadership consists of WVSOM employees or affiliates, as defined in legislation. Early planning work has begun, though additional meetings will be required to define operational structures, practice plan integration, and revised compensation models for clinical faculty and providers.

Financial leadership from WVSOM and the clinic will form a smaller working group to finalize acceptable financial framework, including a repayment plan for the outstanding debt owed to WVSOM. The task force anticipates formal repayment beginning July 1, 2026.

Dr. Fitzwater expanded on these points and commended financial leadership, clinical providers, Dr. Hill, CFO Justin McAllister, and the clinic's CEO, Mary Paige. Dr. Fitzwater noted the task force discovery of the operational interdependencies between the clinic and WVSOM that extend back many years. These interconnections—combined with payer-mix realities and the clinic's role in supporting medical student education—make a fully independent or community-run clinic model unsustainable. He noted that previous attempts to operate under a community board structure were unsuccessful.

Dr. Fitzwater expressed optimism about the clinic's financial turnaround. In addition, the clinic expects to resume paying its share of the practice plan costs, which WVSOM had been covering during earlier financial distress. Integration of the clinic under WVSOM's academic structure will resolve the many concerns

identified by the task force as well as continued improvements already implemented by Ms. Nemcik and the rest of the RCBC business team.

Committee members expressed appreciation for the task force's work.

IV. **Next Committee Meeting Date:** March 27, 2026 (*Conference Center, located in the WVSOM Student Center*)

V. **Adjournment**

A motion to adjourn the meeting at 9:42 am was made by Dr. Wood and seconded by Dr. Fitzwater. The motion passed unanimously.

Approved on March 27, 2026

Signed by:

*Dr. Mike Muscari*

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Mike Muscari, D.O., Chair