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WVSOM BOARD OF GOVERNORS

Finance and Audit Committee
Meeting Minutes

Date & Time: **Friday, August 28, 2026, at 9:15 a.m.**

Location: **Conference Center located in the WVSOM Student Center**

Attendance:

Dr. Muscari
Dr. Fitzwater
Dr. Morgan
Dr. Wood
Dr. Nemitz
Justin McAllister
Stella Dodrill
Makayla Casenelli

I. Call to Order/Roll Call/Quorum

The meeting was called to order at 9:15 am by the Committee Chair, Dr. Muscari.

II. Approval of Minutes

The Chair noted that the minutes from the June 5, 2026, Finance and Audit Committee meeting had been previously distributed to committee members for review.

The Chair asked whether there were any revisions to the minutes as presented. Hearing none, Dr. Wood made a motion to accept the minutes, and Dr. Morgan seconded the motion of approval to the June 5, 2026, meeting minutes.

III. Committee Items

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

1. FY26 Financial Update as of June 30, 2026

Justin McAllister provided the Office of Business Affairs update, noting that all financial information presented reflected activity through June 30, 2026, and represented fiscal year-end results.

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Mr. McAllister reported that WVSOM concluded FY26 with total revenues of approximately $53.7 million and total expenses of approximately $57.6 million. Mr. McAllister explained that this deficit was primarily related to the timing of cash receipts rather than operational concerns.

Mr. McAllister reviewed FY26 revenue performance and noted that tuition and fee revenue slightly underperformed projections, reaching approximately 97% of budget, while auxiliary revenue was approximately 91% of budget.

Mr. McAllister further noted that investment earnings were below budget expectations due to overly optimistic projections in FY26. Adjustments to investment income assumptions have been incorporated into the FY27 budget.

On the expense side, personal services expenditures came in below budget due primarily to position vacancies. Fire and automobile insurance expenses exceeded budgeted amounts; however, these costs are established through BRIM and are largely beyond institutional control. Mr. McAllister reported that BRIM insurance costs are expected to decline during FY27.

Mr. McAllister reviewed five-year trends in cash, revenue, and expenditures. While Treasury cash balances declined from FY25 to FY26, he emphasized that the decrease was largely attributable to the $2.3 million federal grant reimbursement received after fiscal year-end and the unused $1.2 million Morgan Stanley draw.

Mr. McAllister concluded that WVSOM remains financially stable and continues to trend in a positive direction and expressed no significant concerns regarding the institution's financial position.

Mr. McAllister reported that year-end closing activities and the FY26 audit process were underway and ahead of schedule compared to the previous year. He commended the Business Affairs team for completing the fiscal year close and preparing accrual-based financial statements efficiently.

External auditors are expected to be on campus within several weeks. He informed the committee that the annual audit presentation, which has traditionally occurred in January, will instead be presented at the October 30, 2026, Board meeting.

Mr. McAllister informed the committee that Morgan Stanley representatives will attend the January Board meeting to provide an update on investment performance and discuss future cash management strategies, including the possibility of transferring additional funds from the State Treasury to investment accounts.

2. Facilities Update

Mr. McAllister provided an update on the following major facilities initiatives:

- The Science Building project remains on schedule, with no significant issues reported.

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- Deferred maintenance projects are also progressing. Work at the Founders Center is underway and remains on track for completion in November 2026, with the possibility of finishing ahead of schedule.

B. Robert C. Byrd Clinic (RCBC) Update *(Nemcik)*

1. FY26 Financial Status

Ms. Nemcik reported that WVSOM Health concluded FY26 with a net operating surplus of approximately $1.2 million, representing a positive budget variance of more than 700% compared to the original budget projection of approximately $157,000.

Ms. Nemcik informed the committee that July denial rates had increased slightly. She explained that several insurers, particularly Blue Cross Blue Shield, have begun down-coding claims and have stopped reimbursing Evaluation and Management (E&M) services associated with Osteopathic Manipulative Medicine (OMM), instead reimbursing only Osteopathic Manipulative Treatment (OMT) procedure codes. To address these reimbursement concerns, WVSOM Health plans to collaborate with advocacy organizations and its Physician Hospital Organization (PHO) to better understand payer practices and reimbursement changes.

Ms. Nemcik reported continued progress in repaying amounts owed to WVSOM. As of the meeting date, WVSOM Health had successfully completed the first three FY27 installment payments totaling $68,421.69, reducing the remaining balance owed to slightly over $2 million.

In March 2026, WVSOM Health established an interest-bearing reserve account. As of August 15, 2026, the reserve fund balance exceeded $1 million, generating approximately $3,500 in interest income.

Ms. Nemcik also announced that the organization received a no-cost extension for remaining ARCOR grant funds, allowing continuation of the SHINE addiction recovery program through December 31, 2026.

Additionally, Dr. Drema Hill assisted in preparing an application for the ARCOR Impact Grant, a four-year funding opportunity providing $750,000 annually. WVSOM Health is awaiting notification regarding the award.

She highlighted the program's positive outcomes, noting that several participants have maintained sobriety for more than one year.

2. Operational Update

Ms. Nemcik reviewed financial trends since 2023, noting significant deficits in FY23 and FY24, followed by approximately $500,000 in surplus during FY25 and more than $1 million in FY26. Ms. Nemcik credited the improvement to sustained organizational efforts across the clinic.

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She also announced the hiring of Dr. Savannah Keffer, a graduate of the CAMC/WVSOM Family Medicine Residency Program, who recently joined the medical staff. A new physician assistant has also been hired to support the future development of a student health center and walk-in clinic services.

To address workforce retention challenges, WVSOM Health implemented salary adjustments for 22 clinical employees, including certified medical assistants, licensed practical nurses, nursing assistants, and one registered nurse. The compensation initiative is expected to cost approximately $100,000 annually, but leadership believes the investment will reduce the significantly higher costs associated with recruitment and turnover.

Ms. Nemcik expressed appreciation to President Nemitz, Justin McAllister, and the Board of Governors for supporting facility investments at WVSOM Health.

Current WVSOM Health projects include:

- Expansion and improvement of handicap-accessible parking.
- Renovation and modernization of the clinic entrance and reception area.
- Preparations for a grand opening and ribbon-cutting event anticipated in October 29 or 30, 2026.

IV. **Next Committee Meeting Date:** Friday, October 30, 2026

V. **Adjournment**

A motion to adjourn was made by Dr. Fitzwater and seconded by Dr. Wood. Following a unanimous vote, the motion carried and the meeting was adjourned at 9:39 am.

Approved on October 30, 2026

Signed by:
Dr. Mike Muscari
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Mike Muscari, D.O., Chair