WEST VIRGINIA
SCHOOL OF OSTEOPATHIC MEDICINE

Financial Statements
Years Ended June 30, 2026 and 2025

and

Independent Auditor's Reports

Suttle & Stalnaker Certified Public Accountants
A Professional Limited Liability Company

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	3 - 5
MANAGEMENT'S DISCUSSION AND ANALYSIS (RSI) (UNAUDITED)	6 - 13
FINANCIAL STATEMENTS	
Statements of Net Position	14
Statements of Revenues, Expenses, and Changes in Net Position	15
Statements of Cash Flows	16
Notes to Financial Statements	17 - 52
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Proportionate Share of the Net OPEB Liability (Asset)	53
Schedule of OPEB Contributions	54
Note to Required Supplementary Information	55 - 56
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*	57 - 58

Suttle & Stalnaker Certified Public Accountants
A Professional Limited Liability Company

INDEPENDENT AUDITOR'S REPORT

Board of Governors
West Virginia School of Osteopathic Medicine
Lewisburg, West Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the West Virginia School of Osteopathic Medicine (WVSOM), a component unit of the West Virginia Higher Education Policy Commission, as of and for the years ended June 30, 2026 and 2025, and the related notes to the financial statements, which collectively comprise WVSOM's basic financial statements as listed in the table of contents.

In our opinion, based our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of WVSOM, as of June 30, 2026 and 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the West Virginia School of Osteopathic Medicine Foundation, Inc. (the Foundation), the discreetly presented component unit of WVSOM. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditor.

Basis for Opinion

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*. We are required to be independent of WVSOM, 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 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 WVSOM's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 generally accepted auditing standards 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 generally accepted auditing standards 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 WVSOM'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 WVSOM'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis pages 6 through 13, the schedule of proportionate share of the net OPEB liability (asset) and schedule of OPEB contributions, and related footnotes on pages 52 through 56 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, during the year ended June 30, 2026, WVSOM implemented GASB Statement No. 103, *Financial Reporting Model Improvements and GASB Statement No. 104, Disclosure of Certain Capital Assets*. Our opinion is not modified with respect to these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2026 on our consideration of WVSOM'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 WVSOM'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 WVSOM's internal control over financial reporting and compliance.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
October 7, 2026



West Virginia
School of Osteopathic Medicine

400 North Lee Street
Lewisburg, West Virginia 24901

Management's Discussion and Analysis
Fiscal Year 2026
Financial Statements

Overview of the Financial Statements, Financial Summary, and Financial Analysis

West Virginia School of Osteopathic Medicine (WVSOM) is proud to present its financial statements for fiscal year 2026, with fiscal year 2025 prior year data presented for comparative purposes. The West Virginia School of Osteopathic Medicine Foundation, Inc. is included as a discretely presented component unit. The emphasis of discussions about these statements will be on current year data. There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. This discussion and analysis of WVSOM's financial statements provides an overview of its financial activities for the year and its required supplemental information.

The audited financial statements of the West Virginia School of Osteopathic Medicine Foundation, Incorporated (WVSOM Foundation, Inc.) are discretely presented as part of WVSOM's financial statements for the fiscal years ended June 30, 2026 and 2025.

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of WVSOM as of the end of the fiscal year. The Statement of Net Position is a point of time financial statement. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of WVSOM. The Statement of Net Position presents end-of-year data concerning Assets (current and noncurrent), Deferred Outflows of Resources, Liabilities (current and noncurrent), Deferred Inflows of Resources, and Net Position (Assets plus Deferred Outflows minus Liabilities minus Deferred Inflows). The difference between current and noncurrent assets and liabilities are discussed in the footnotes to the financial statements.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of WVSOM. They are also able to determine how much is owed to vendors, employees, and lending institutions.

Finally, the Statement of Net Position provides a picture of the net assets and their availability for expenditure by WVSOM.

Net position is divided into three major categories. The first category, net investment in capital assets, represents equity in the property, plant and equipment owned by WVSOM. The next category is restricted net position, which is divided into two categories, nonexpendable (permanently restricted) and expendable. Expendable restricted net position is available for expenditure but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. Within expendable net position, the balances that had been restricted by the West Virginia Legislature (Legislature) were removed by State Code and moved to the unrestricted category in fiscal year 2004. These activities were fundamental to the normal ongoing operations of WVSOM and are subject to change by future actions of the Legislature. The final category is unrestricted net position, which is available for expenditure for any lawful purpose of WVSOM.

Condensed Schedules of Net Position
June 30,
(In thousands of dollars)

	2026	2025	2024
Current assets	$ 136,106	$ 133,855	$ 116,397
Other noncurrent assets	4,705	5,525	6,461
Capital assets, net	82,270	77,805	78,241
Total assets	223,081	217,185	201,099
Deferred outflows related to net OPEB liability	670	128	161
Total deferred outflows of resources	670	128	161
Total assets and deferred outflows of resources	223,751	217,313	201,260
Current liabilities	25,744	21,460	6,692
Noncurrent liabilities	2,036	2,028	2,047
Total liabilities	27,780	23,488	8,739
Deferred inflows relating to net OPEB liability	372	160	630
Total deferred inflows of resources	372	160	630
Total liabilities and deferred inflows of resources	28,152	23,648	9,369
Net investment in capital assets	81,158	76,262	77,357
Restricted - expendable	15,037	12,346	11,702
Unrestricted	99,404	105,057	102,832
Total net position	$ 195,599	$ 193,665	$ 191,891

In fiscal year 2026, the total assets and deferred outflows of resources increased by approximately $6.4 million. The changes described below represent the majority of the increase in 2026:

- Capital Asset increased $4.5 million due to the science building project and multiple deferred maintenance projects.
- Accounts Receivable increased during the year primarily due to an outstanding payment of $2.3 million related to the HRSA grant for the science building.

In fiscal year 2025, the total assets and deferred outflows of resources increased by approximately $16 million. The changes described below represent the majority of the increase in 2025:

- Appropriations due from primary government increased by approximately $12 million due to surplus appropriations for the science building and capital outlay.
- Investments increased $6.4 million due to new investment accounts being opened.

In fiscal year 2026, total liabilities and deferred inflows of resources increased by approximately $4.5 million. The changes described below represent the majority of the increase in 2026:

- Current liabilities increased by approximately $4.3 million due to increases in accounts payable and unearned revenue. The increase in accounts payable was attributable to outstanding expenses for the science building project. The increase in unearned revenue was related to $5 million received for capital projects pursuant to House Bill 5682.
- Noncurrent liabilities increased by approximately $0.08 million due primarily to change in estimated compensated absences and the OPEB liability.
- Deferred inflows of resources increased by approximately $0.2 million due to a change in the actuarial assumptions that affected OPEB.

In fiscal year 2025, total liabilities and deferred inflows of resources increased by approximately $14.3 million. The changes described below represent the majority of the changes in 2025:

- Current liabilities increased by approximately $14.8 million due to a change in compensated absence (GASB 101) guidelines, an increase in unearned revenue for capital outlay, and an increase in liabilities for Subscription Based Information Technology Arrangements (SBITA).
- Noncurrent liabilities decreased by approximately $0.02 million due primarily to change in compensated absence (GASB 101) guidelines offset by an increase in SBITA liabilities.
- Deferred inflows of resources decreased by approximately $0.5 million due to a change in the actuarial assumptions that affected OPEB.

The ratio of current assets to current liabilities for fiscal year 2026 was 5.29:1 and fiscal year 2025 was 6.24:1.

Statement of Revenues, Expenses, and Changes in Net Position

Changes in total net position, as presented on the Statement of Net Position, are based on the activities presented in the Statement of Revenues, Expenses, and Changes in Net Position (the SRECNP). The purpose of the SRECNP is to present the revenues earned, the expenses incurred, and any other gains, and losses earned or incurred by WVSOM.

This statement distinguishes operating revenues and expenses from noncapital subsidies and other nonoperating revenues and expenses and presents the resulting change in net position for the year. Operating revenues primarily consist of tuition and fees, grants and contracts, and auxiliary enterprise activities. Operating expenses include salaries and wages, benefits, supplies and other services, student financial aid expenses, depreciation and amortization, and other expenses necessary to support WVSOM's mission.

State appropriations, while budgeted for operations, are reported as noncapital subsidies. This is because State appropriations are provided by the West Virginia Legislature to WVSOM and are non-exchange transactions. Other nonoperating revenues and expenses include capital subsidies, income related to financing, gains or losses on disposal of assets, investment income, and interest expense.

Condensed Schedules of Revenues, Expenses, and Changes in Net Position
Years Ended June 30,
(In thousands of dollars)

	2026	2025	2024
Operating revenues	$ 43,730	$ 42,734	$ 40,004
Operating expenses	62,094	59,346	53,004
Operating loss	(18,364)	(16,612)	(13,000)
Noncapital subsidies	10,551	10,268	38,758
Operating loss and noncapital subsidies	(7,813)	(6,344)	25,758
Other nonoperating revenues, net	9,747	8,118	4,377
Change in net position	1,934	1,774	30,135
Net position, beginning of year	193,665	191,891	161,756
Net position, end of year	$ 195,599	$ 193,665	$ 191,891

The Statement of Revenues, Expenses, and Changes in Net Position reflects a positive year with an increase in the net position at the end of the year. A review of the individual revenue and expense categories that contributed to the overall increase in net position reveals the following:

In fiscal year 2026, total operating revenues increased by approximately $1.0 million. The following explains the net change in operating revenues in fiscal year 2026:

- Tuition and fees increased by approximately $0.75 million due primarily to an increase in out-of-state students and an increase in MSBS program enrollment.
- The remainder of the change in revenue consists of slight increases and decreases that offset, with the largest increase in miscellaneous, net revenues. The increase in miscellaneous, net is from an increase in various fees.

In fiscal year 2025, total operating revenues increased by approximately $2.7 million. The following explains the net change in operating revenues in fiscal year 2025:

- Tuition and fees increased by approximately $2.9 million due primarily to an increase in out-of-state students.
- Other Operating Revenues decreased by approximately $0.23 million.

Total operating expenses for fiscal year 2026 increased by approximately $2.8 million. The following explains the increase in operating expenses:

- The salaries and wages and employee benefits categories increased by approximately $0.62 million. Salary and wages and employee benefits made up approximately 61.3% of the operating expenses of WVSOM.
- Supplies and other services increased by approximately $1.6 million primarily due to an increase in contracts, employee travel, and general operating supplies. Supplies and other services account for approximately 28.1% of the operating expenses of WVSOM.

Total operating expenses for fiscal year 2025 increased by approximately $6.3 million. The following explains the increase in operating expenses:

- The salaries and wages and employee benefits categories increased by approximately $5.4 million. Salary and wages and employee benefits made up approximately 63.1% of the operating expenses of WVSOM.
- Supplies and other services increased by approximately $1.2 million primarily due to an increase in contracts, employee travel, and general operating supplies. Supplies and other services account for approximately 26.64% of the operating expenses of WVSOM.

Noncapital subsidies for 2026 stayed pretty consistent with the prior year. There were only slight increases in state appropriations ($0.1 million) and payments made on behalf of WVSOM related to the OPEB special funding situation ($0.17 million).

Noncapital subsidies for 2025 decreased $28.5 million due to receiving a $29 million special appropriation in 2024.

Other nonoperating revenues increased $1.6 million in 2026 due to a decrease of $3.2 million in investment income offset by an increase in capital grants, appropriations, and gifts of $4.8 million. Investment income fluctuates with the market. The increase in capital grants, appropriations, and gifts are for the construction of a research addition to the existing Fredric W. Smith Science Building on WVSOM's Lewisburg campus and deferred maintenance enhancements across 12 campus facilities.

Other nonoperating revenues increased $3.7 million in 2025 due mainly to the increase in investment income.

In fiscal year 2026, the change in net position was an increase of $1.9 million which is slightly better than the change in net position in fiscal year 2025, which was an increase of $1.8 million.

Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activities of WVSOM during the year. The statement is divided into five parts. The first section deals with operating cash flows and shows the net cash used in the operating activities of WVSOM. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital assets and related items, and related funding received. The fourth section reflects the cash flows from investing activities and shows interest received from investing activities. The fifth section reconciles the net cash used in operating activities to the operating income or loss reflected in the Statement of Revenues, Expenses and Changes in Net Position. Overall, cash and cash equivalents increased by approximately $1.8 million in fiscal year 2026. This increase is a result of increased enrollment in the MSBS program and federal grant funding for the science building project.

Condensed Schedules of Cash Flows
Years Ended June 30,
(In thousands of dollars)

	2026	2025	2024
Cash provided by (used in):			
Operating activities	$ (11,320)	$ (10,264)	$ (7,873)
Noncapital financing activities	11,437	11,636	9,957
Capital financing activities	(1,017)	(3,804)	(4,083)
Investing activities	2,679	1,225	1,927
Increase/(Decrease) in cash and cash equivalents	1,779	(1,207)	(72)
Cash and cash equivalents, beginning of year	36,184	37,391	37,463
Cash and cash equivalents, end of year	$ 37,963	$ 36,184	$ 37,391

WEST VIRGINIA SCHOOL OF OSTEOPATHIC MEDICINE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2026

Significant Capital Asset and Long-Term Debt



In FY2025 WVSOM entered into a contract with Edward Tucker Architects to construct and equip a research addition to the existing Fredric W. Smith Science Building on WVSOM's Lewisburg campus. The current facility, will be modernized and expanded to offer additional space for faculty and student research. WVSOM began planning and progress on deferred maintenance enhancements across 12 campus facilities. These improvements include upgrades to mechanical and electrical systems, roof replacements, and other renovations ensuring that WVSOM's physical infrastructure remains safe, efficient, and conducive to student learning.

As of June 30, 2026, WVSOM had no existing capital debt and does not anticipate incurring debt to complete the capital projects planned in FY2027. This debt free position reflects the institution's strong fiscal management and its ability to fund strategic investments without compromising long-term financial sustainability.

Currently Known Facts, Decisions, and Conditions

WVSOM enters fiscal year 2027 from a position of considerable financial strength, supported by strong liquidity, substantial investment reserves, continued state support, growing academic programs, and sustained demand for osteopathic medical education. The institution remains focused on advancing its mission while strategically investing in students, facilities, research, and healthcare workforce development throughout West Virginia and the region.

While West Virginia's economy remains relatively stable, public higher education institutions continue to operate in an environment shaped by demographic shifts, workforce shortages, inflationary pressures, and evolving federal policies. Like many institutions, WVSOM continues to experience increasing costs associated with employee compensation, technology, insurance, utilities, and facility maintenance. These challenges reinforce the importance of long-term financial planning, operational efficiency, and strategic resource allocation. Management remains committed to maintaining financial sustainability while continuing to invest in initiatives that support the institution's mission and long-term success.

Demand for WVSOM's academic programs remains strong. The institution continues to benefit from its national reputation for producing highly qualified physicians, particularly those who serve rural and underserved communities. Application volumes remain healthy, and enrollment growth within the Master of Science in Biomedical Sciences (MSBS) program has further diversified enrollment and strengthened tuition revenue. Management believes continued demand for both programs positions WVSOM favorably for future enrollment stability and measured growth.

Federal student financial aid policies continue to evolve, creating uncertainty across medical education. Access to federal lending programs and affordable financing remains a critical consideration for students pursuing professional degrees. WVSOM will continue to closely monitor legislative and regulatory developments while supporting efforts that preserve access to medical education and minimize barriers for future physicians.

The institution also continues to make significant investments in its physical infrastructure. Construction of the Fredric W. Smith Science Building expansion represents a strategic investment in research, innovation, and academic excellence. Upon completion, the project will expand research capacity, enhance opportunities for faculty and student scholarship, and strengthen the institution's competitiveness for externally funded research. At the same time, ongoing deferred maintenance initiatives across campus will modernize critical infrastructure, improve operational efficiency, and reduce future maintenance demands, ensuring that campus facilities continue to support a high-quality educational environment.

WVSOM continues to advance the evolution of the Robert C. Byrd Clinic through the WVSOM Health initiative. As the institution's clinical practice plan, WVSOM Health represents an important step toward more fully integrating medical education, clinical training, and patient care. The initiative is designed to strengthen the student learning experience through expanded clinical opportunities while supporting physician recruitment, operational effectiveness, and long-term financial sustainability. By aligning the clinical enterprise more closely with the institution's mission, WVSOM Health is expected to enhance student outcomes, strengthen healthcare workforce development efforts, and position the clinic for continued success in a rapidly changing healthcare environment.

WVSOM also continues to evaluate opportunities that support its broader strategic priorities, including research growth, workforce development, community engagement, student success, and institutional partnerships. These efforts are intended to ensure the institution remains responsive to the evolving healthcare needs of the state while maintaining its position as a leader in osteopathic medical education.

From a financial perspective, WVSOM remains exceptionally well positioned to pursue these priorities. The institution maintains substantial unrestricted net position, strong cash reserves, a growing investment portfolio, and no outstanding bonded debt. This financial flexibility provides the capacity to address emerging challenges, capitalize on strategic opportunities, and invest in facilities, people, and programs without significantly increasing long-term financial obligations.

Looking ahead, management remains committed to balancing fiscal stewardship with strategic investment. Through continued focus on academic excellence, infrastructure modernization, healthcare workforce development, operational efficiency, and mission-driven growth, WVSOM is well positioned to navigate future challenges and continue serving the citizens of West Virginia and the broader region for years to come.

Requests for Information

The financial report is designed to provide an overview of the finances of WVSOM for those with an interest in this organization. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to West Virginia School of Osteopathic Medicine at 400 Lee Street North, Lewisburg, West Virginia 24901.

WEST VIRGINIA SCHOOL OF OSTEOPATHIC MEDICINE
STATEMENTS OF NET POSITION
JUNE 30, 2026 AND 2025

	WVSOM		Foundation	
	2026	2025	2026	2025
ASSETS AND DEFERRED OUTFLOWS				
CURRENT ASSETS:				
Cash and cash equivalents	$ 37,962,695	$ 36,183,913	$ 329,809	$ 172,146
Investments	55,169,711	53,370,558	-	-
Appropriations due from primary government	37,479,588	41,329,735	-	-
Accounts receivable	4,167,147	1,685,037	90,174	75,270
Due from Commission	88,633	91,500	-	-
Loans to students - current portion	912,815	873,172	10,000	10,175
Prepaid expenses and other current assets	178,021	171,024	-	5,229
Inventories	147,860	150,178	-	-
Total current assets	136,106,470	133,855,117	429,983	262,820
NONCURRENT ASSETS:				
Investments	-	-	70,907,965	66,336,265
Other accounts receivable - noncurrent	2,247,232	2,259,436	100,300	109,950
Loans to students, net of allowance of $852,125 and $737,576 in 2026 and 2025, respectively	2,458,383	3,244,866	-	-
Net other post employment benefit asset	-	20,924	-	-
Other noncurrent assets	-	-	1,200,000	1,200,000
Capital assets, not depreciated	7,861,779	3,219,675	-	-
Capital assets, net of accumulated depreciation and amortization	74,407,882	74,584,870	-	-
Total noncurrent assets	86,975,276	83,329,771	72,208,265	67,646,215
DEFERRED OUTFLOWS OF RESOURCES:				
Employer OPEB contributions	670,221	127,985	-	-
Total deferred outflows of resources	670,221	127,985	-	-
TOTAL	$ 223,751,967	$ 217,312,873	$ 72,638,248	$ 67,909,035
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION				
CURRENT LIABILITIES:				
Accounts payable	$ 4,024,132	$ 2,193,500	$ 4,734	$ 7,584
Due to other state agencies	90,063	2,242	-	-
Accrued liabilities	1,816,386	1,687,536	-	-
Compensated absences - current portion	2,488,662	2,444,931	-	-
Custodial liabilities	-	-	58,744,611	55,521,126
Subscription liability - short term	600,377	720,417	-	-
Unearned revenue	16,724,621	14,412,595	-	-
Total current liabilities	25,744,241	21,461,221	58,749,345	55,528,710
NONCURRENT LIABILITIES:				
Advances from federal sponsors	188,639	195,080	-	-
Subscription liability - long term	510,956	822,624	-	-
Compensated absences	1,157,855	1,009,943	-	-
Other post employment benefit liability	178,832	-	-	-
Total noncurrent liabilities	2,036,282	2,027,647	-	-
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows relating to net OPEB liability	372,472	159,573	-	-
Total deferred inflows of resources	372,472	159,573	-	-
NET POSITION				
Net investment in capital assets	81,158,328	76,261,504	-	-
Restricted for - expendable - research	5,489,208	2,861,897	-	-
Restricted for - expendable - capital projects	3,975,427	3,742,499	2,159,209	1,968,537
Restricted for - expendable - loans	5,571,760	5,741,697	-	-
Restricted for - expendable -scholarships	-	-	1,791,283	1,628,330
Restricted for - nonexpendable	-	-	6,348,600	5,622,802
Unrestricted	99,404,249	105,056,835	3,589,812	3,160,656
Total net position	195,598,972	193,664,432	13,888,903	12,380,325
TOTAL	$ 223,751,967	$ 217,312,873	$ 72,638,248	$ 67,909,035

The Accompanying Notes Are An Integral
Part Of These Financial Statements

WEST VIRGINIA SCHOOL OF OSTEOPATHIC MEDICINE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2026 AND 2025

	WVSOM		Foundation	
	2026	2025	2026	2025
OPERATING REVENUES:				
Student tuition and fees, net of scholarship allowance of $1,076,816 and $960,844 in 2026 and 2025, respectively	$ 40,198,225	$ 39,452,314	$ -	$ -
Contracts and grants:				
Federal	1,190,010	1,054,837	-	-
State	610,105	716,140	-	-
Private	62,142	189,252	-	-
Gifts and contributions	-	-	1,068,629	2,019,177
Auxiliary enterprise revenue	639,416	628,426	-	(3,135)
Miscellaneous, net	1,030,545	692,699	-	-
Total operating revenues	43,730,443	42,733,668	1,068,629	2,016,042
OPERATING EXPENSES:				
Salaries and wages	30,833,577	30,435,574	-	-
Benefits	7,232,831	7,015,712	-	-
Supplies and other services	17,439,333	15,810,121	-	-
Utilities	1,345,907	1,038,756	-	-
Student financial aid - scholarships and fellowships	26,932	120,401	435,544	503,214
Depreciation and amortization	4,829,971	4,878,650	-	-
Loan cancellations and write-offs	385,626	46,655	-	-
Other operating expenses	-	-	351,498	350,353
Total operating expenses	62,094,177	59,345,869	787,042	853,567
OPERATING (LOSS) INCOME	(18,363,734)	(16,612,201)	281,587	1,162,475
NONCAPITAL SUBSIDIES				
State appropriations	10,346,874	10,232,105	-	-
Payments made on behalf of WVSOM	203,934	35,426	-	-
Total noncapital subsidies	10,550,808	10,267,531	-	-
OPERATING (LOSS) INCOME AND NONCAPITAL SUBSIDIES	(7,812,926)	(6,344,670)	281,587	1,162,475
OTHER NONOPERATING REVENUES (EXPENSES):				
Investment income (loss)	4,475,611	7,627,803	1,226,991	1,153,112
Interest expense	(57,573)	(12,764)	-	-
Interest on student loans receivable	97,989	99,068	-	-
Capital grants, appropriations, and gifts	5,231,321	430,344	-	-
Gain (loss) on disposal of capital assets	118	(26,226)	-	-
Net other nonoperating revenues	9,747,466	8,118,225	1,226,991	1,153,112
INCREASE (DECREASE) IN NET POSITION	1,934,540	1,773,555	1,508,578	2,315,587
NET POSITION - Beginning of year	193,664,432	191,890,877	12,380,325	10,064,738
NET POSITION - End of year	$ 195,598,972	$ 193,664,432	$ 13,888,903	$ 12,380,325

The Accompanying Notes Are An Integral
Part Of These Financial Statements

WEST VIRGINIA SCHOOL OF OSTEOPATHIC MEDICINE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2026 AND 2025

	WVSOM	
	2026	**2025**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 40,089,836	$ 39,452,314
Contracts and grants	2,138,020	1,870,385
Payments to and on behalf of employees	(37,788,208)	(37,043,394)
Payments to suppliers	(16,566,243)	(15,335,448)
Payments to utilities	(1,345,907)	(1,038,756)
Payments for scholarships and fellowships	(26,932)	(120,401)
Loans issued to students	(88,000)	(88,000)
Collection of loans to students	449,214	512,362
Auxiliary enterprise charges	639,416	628,426
Interest collected on loans to students	97,989	99,068
Other receipts, net	1,080,711	799,099
Net cash used in operating activities	(11,320,104)	(10,264,345)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	11,509,945	11,632,353
Interest Expense	(66,889)	8,394
Graduate Plus loan program receipts	20,676,171	19,701,588
Graduate Plus loan program payments	(20,676,171)	(19,701,588)
Federal Stafford loan program direct lending receipts	25,699,213	24,714,893
Federal Stafford loan program direct lending payments	(25,699,213)	(24,714,893)
Federal Perkins loan funds returned	(6,441)	(4,385)
Net cash provided by noncapital financing activities	11,436,615	11,636,362
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Capital grants and gifts received	7,618,594	-
Purchases of capital assets	(7,838,333)	(3,282,151)
Payments on SBITA's	(797,315)	(521,895)
Net cash used in capital financing activities	(1,017,054)	(3,804,046)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	4,478,478	7,649,733
Purchase of investments	(1,799,153)	(6,425,079)
Net cash provided by investing activities	2,679,325	1,224,654
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,778,782	(1,207,375)
CASH AND CASH EQUIVALENTS - Beginning of year	36,183,913	37,391,288
CASH AND CASH EQUIVALENTS - End of year	$ 37,962,695	$ 36,183,913
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (18,363,734)	$ (16,612,201)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Interest earned on loans to students	97,989	99,068
Depreciation expense	4,829,971	4,878,650
OPEB (revenue)/expense - special funding situation	203,934	35,426
Loan cancellations and write-offs	385,626	46,655
Changes in assets and liabilities:		
Accounts receivable, net	56,761	65,274
Loans to students, net	361,214	424,362
Other receivables	12,828	12,401
Prepaid expenses	(6,997)	(38,743)
Inventories	2,318	(159)
Deferred outflows of resources	(542,236)	33,102
Accounts payable	739,603	513,575
Due to/from other state agencies	87,821	(33,017)
Accrued liabilities	138,166	15,640
Compensated absences	191,643	430,685
Unearned revenue	72,334	(28,102)
Net other postemployment benefits liability	199,756	363,662
Deferred inflows of resources	212,899	(470,623)
Net cash used in operating activities	$ (11,320,104)	$ (10,264,345)
NONCASH TRANSACTIONS:		
(Gain) loss on disposal of capital assets	$ (118)	$ 26,226
Capital expenses in accounts payable	$ 1,096,666	$ 5,637
Right-to-use assets acquired through outstanding SBITAs	$ 414,371	$ 1,575,085

The Accompanying Notes Are An Integral
Part Of These Financial Statements

WEST VIRGINIA SCHOOL OF OSTEOPATHIC MEDICINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2026 AND 2025

NOTE 1 - ORGANIZATION

The West Virginia School of Osteopathic Medicine (WVSOM) is governed by the West Virginia School of Osteopathic Medicine Board of Governors (the Board). The Board was established by Senate Bill 653 (S.B. 653).

Powers and duties of the Board include, but are not limited to, the power to determine, control, supervise, and manage the financial, business, and educational policies and affairs of the institutions under its jurisdiction, the duty to develop a master plan for the institution, the power to prescribe the specific functions and institution's budget request, the duty to review, at least every five years, all academic programs offered at the institution, and the power to fix tuition and other fees for the different classes or categories of students enrolled at its institution.

S.B. 653 also created the West Virginia Higher Education Policy Commission (the Commission), which is responsible for developing, gaining consensus around, and overseeing the implementation and development of a higher education public policy agenda.

As a requirement of the Governmental Accounting Standards Board standards (GASB), WVSOM has included information from the West Virginia School of Osteopathic Medicine Foundation, Inc. (the Foundation).

Although WVSOM benefits from the activities of the Foundation, the Foundation is independent of WVSOM in all respects. The Foundation is not a subsidiary of WVSOM and is not directly or indirectly controlled by WVSOM. The Foundation has its own separate, independent Board of Directors. Moreover, the assets of the Foundation are the exclusive property of the Foundation and do not belong to WVSOM. WVSOM is not accountable for, and does not have ownership of, any of the financial and capital resources of the Foundation. WVSOM does not have the power or authority to mortgage, pledge, or encumber the assets of the Foundation. The Board of Directors of the Foundation is entitled to make all decisions regarding the business and affairs of the Foundation, including, without limitation, distributions made to WVSOM. Under State law, neither the principal nor income generated by the assets of the Foundation can be taken into consideration in determining the amount of State-appropriated funds allocated to WVSOM. Third parties dealing with WVSOM, the Board, and the State of West Virginia (the State) (or any agency thereof) should not rely upon the financial statements of the Foundation for any purpose without consideration of all the foregoing conditions and limitations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of WVSOM have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of WVSOM's assets, liabilities, deferred outflows and inflows of resources, net position, revenues, expenses, changes in net position, and cash flows.

Reporting Entity - WVSOM is a blended component unit of the West Virginia Higher Education Fund and represents separate funds of the State of West Virginia (the State) that are not included in the State's general fund. WVSOM is a separate entity which, along with all State institutions of higher education, the West Virginia Council for Community and Technical College Education, and the Commission (which includes West Virginia Network for Educational Telecomputing), forms the Higher Education Fund of the State. The Higher Education Fund is considered a component unit of the State, and its financial statements are discretely presented in the State's annual comprehensive financial report.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The accompanying financial statements present all funds under the authority of WVSOM. The basic criterion for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from WVSOM's ability to significantly influence operations and accountability for fiscal matters of related entities. The West Virginia School of Osteopathic Medicine Foundation, Incorporated (the Foundation), The West Virginia School of Osteopathic Medicine Alumni Association, Incorporated (the "Association"), The West Virginia School of Osteopathic Medicine Robert C. Byrd Clinic, Inc. (the Clinic), and the Mountain State Osteopathic Postdoctoral Training Institutions System, Inc. (MSOPTI), a consortium, are not part of the WVSOM reporting entity and are not included in the accompanying financial statements as WVSOM has no ability to designate management, cannot significantly influence operations of these entities, and is not accountable for the fiscal matters of these entities under GASB.

The audited financial statements of the Foundation are presented here as a discrete component unit with the WVSOM financial statements in accordance with GASB. The Foundation is a private non-profit organization that reports under FASB standards, however, in accordance with GASB 103, the Foundation's financial statements have been converted to GASB for presentation with WVSOM's financial statements. See Notes 12, 13, and 16 for more information on the Foundation.

Financial Statement Presentation - GASB establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented on such basis to focus on WVSOM as a whole. Net position is classified into four categories according to external donor restrictions or availability of assets for satisfaction of WVSOM obligations. WVSOM's net position is classified as follows:

- *Net investment in capital assets* - This represents WVSOM's total investment in capital assets, net of depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

- *Restricted net position - expendable* - This includes resources for which WVSOM is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

The West Virginia State Legislature, as a regulatory body outside the reporting entity, has restricted the use of certain funds by Article 10, *Fees and Other Money Collected at State Institutions of Higher Education*, of the West Virginia State Code. House Bill 101 passed in March 2004 simplified the tuition and fee restrictions to auxiliaries and capital items. These activities are fundamental to the normal ongoing operations of WVSOM. These restrictions are subject to change by future actions of the West Virginia State Legislature.

- *Restricted net position - nonexpendable* - These include endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- *Unrestricted net position* - Unrestricted net position represents resources derived from student tuition and fees, State appropriations, and sales and services of educational activities. These resources are used for transactions relating to the educational and general operations of WVSOM, and may be used at the discretion of the Board of Governors to meet current expenses for any purpose.

Basis of Accounting - For financial reporting purposes, WVSOM is considered a special-purpose government engaged only in business-type activities. Accordingly, WVSOM's financial statements have been prepared on the accrual basis of accounting with a flow of economic resources measurement focus. Revenues are reported when earned and expenditures when materials or services are received. All intercompany accounts and transactions have been eliminated.

Cash and Cash Equivalents - For purposes of the statement of net position, WVSOM considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Cash and cash equivalents balances on deposit with the State of West Virginia Treasurer's Office (the State Treasurer) are pooled by the State Treasurer with other available funds of the State for investment purposes by the West Virginia Board of Treasury Investments (BTI). These funds are transferred to the BTI and the BTI is directed by the State Treasurer to invest the funds in specific external investment pools in accordance with West Virginia code, policies set by the BTI, and by provisions of bond indentures and trust agreements, when applicable. Balances in the investment pools are recorded at fair value or amortized cost which approximates fair value. Fair value is determined by a third-party pricing service based on asset portfolio pricing models and other sources in accordance with GASB. The BTI was established by the State Legislature and is subject to oversight by the State Legislature. Fair value and investment income are allocated to participants in the pools based upon the funds that have been invested. The amounts on deposit are available for immediate withdrawal or on the first day of each month for the WV Short Term Bond Pool and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

The BTI maintains the Consolidated Fund which consists of eight investment pools and participant-directed accounts, three of which WVSOM may invest in. These pools have been structured as multi-participant variable net asset funds to reduce risk and offer investment liquidity diversification to the Fund participants. Funds not required to meet immediate disbursement needs are invested for longer periods. A more detailed discussion of the BTI's investment operations pool can be found in its respective annual report. A copy of those annual audited financial reports can be obtained from the following address: 315 70th Street S.E., Charleston, West Virginia 25304 or http://www.wvbti.org.

Permissible investments for all agencies include those guaranteed by the United States of America, its agencies and instrumentalities (U.S. Government obligations); corporate debt obligations, including commercial paper, which meet certain ratings; certain money market funds; repurchase agreements; reverse repurchase agreements; asset-backed securities; certificates of deposit; state and local government securities (SLGS); and other investments. Other investments consist primarily of investments in accordance with the Linked Deposit Program, a program using financial institutions in West Virginia to obtain certificates of deposit, loans approved by the legislature, and any other program investments authorized by the legislature. The WV Legislature amended state code 12-1-12d in 2020 which allows WVSOM to invest funds outside the WV State Treasurer's office through its Foundation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments - WVSOM had investments in ten funds with Morgan Stanley at June 30, 2026, comprised of Money Market Funds, Common Stocks, U.S. Government Securities, Corporate Bonds, Mutual Funds and Alternative Investments. The Foundation acts as the investment agent and manages these investments.

Investments measured and reported at fair value are classified according to the following hierarchy. Level 1, investments reflect prices quoted in active markets. Level 2, investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active. Level 3, investments reflect prices based upon unobservable inputs. The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Alternative investments are carried at fair value using the net asset value as a practical expedient. These valuations include assumptions and methods that were reviewed by WVSOM management and are primarily based on quoted market prices or other readily determinable market values for the underlying investments. WVSOM believes that the carrying amount of its alternative investments is a reasonable estimate of fair value. Because a portion of alternative investments is not readily marketable and the estimated value is subject to uncertainty, the reported value may differ from the value that would have been used had a ready market existed.

Permissible investments for WVSOM include those guaranteed by the United States of America, its agencies, and instrumentalities (U.S. Government obligations); certain money markets, common stocks, U.S. Treasury Securities, bonds, and other investments in accordance with the investment policy of the Foundation, who serves as the investment agent for WVSOM, and is subject to the provisions of the Uniform Prudent Investor Act codified as article six-c, chapter forty-four of the West Virginia Code.

Appropriations Due from Primary Government - For financial reporting purposes, appropriations due from the State are presented separately from cash and cash equivalents, as amounts are not specific deposits with the State Treasurer but are obligations of the State.

Allowance for Doubtful Accounts - It is WVSOM's policy to provide for future losses on uncollectible accounts, contracts, grants, and loans receivable based on an evaluation of the underlying account, contract, grant, and loan balances, the historical collectability experienced by WVSOM on such balances and such other factors which, in WVSOM's judgment, require consideration in estimating doubtful accounts.

Inventories - Inventories are stated at the lower-of-cost or market, cost being determined on the first-in, first-out method.

Noncurrent Cash, Cash Equivalents, and Investments - Cash, cash equivalents, and investments, that are (1) externally restricted to make debt service payments and long-term loans to students or to maintain sinking or reserve funds, (2) to purchase capital or other noncurrent assets, or settle long-term liabilities, or (3) permanently restricted assets, are classified as noncurrent assets in the accompanying statements of net position.

Current and Noncurrent Assets and Liabilities - Current assets are expected to be converted to cash, sold, or consumed in the next year or less. Current liabilities are debts that are expected to be paid with cash, goods, or services in the next year or less. Noncurrent assets and liabilities are all other assets and liabilities that are not expected to be extinguished in the next year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets - Capital assets include property, plant, equipment, and books and materials that are part of a catalogued library. Capital assets are stated at cost at the date of acquisition or construction, or fair market value at the date of donation in the case of gifts. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, 50 years for buildings and building improvements, 15 years for land improvements, 7 years for library books, and 4 to 12 years for furniture and equipment. WVSOM's capitalization thresholds are $15,000 for land and building improvements and $5,000 for equipment. There was no interest capitalized during 2026 and 2025. The accompanying financial statements reflect all adjustments required by GASB.

Capital assets also include intangible right-to-use subscription-based information technology arrangement ("SBITA") assets, initially measured at the present value of payments expected to be made during the term of the agreement. SBITA assets are amortized on a straight-line basis over the term of the agreement.

Unearned Revenue - Revenues for programs or activities to be conducted primarily in the next fiscal year are classified as unearned revenue, including items such as tuition and fees and deferred maintenance. Financial aid and other deposits are separately classified as deposits.

Compensated Absences and Other Postemployment Benefits (OPEB) - GASB provides for the measurement, recognition, and display of OPEB expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State. WVSOM is required to participate in this multiple-employer, cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State of West Virginia. Details regarding this plan and its standalone financials can be obtained by contacting the West Virginia Public Employees Insurance Agency (PEIA), 601 57th Street, SE, Suite 2 Charleston, WV 25304 or https://peia.wv.gov.

GASB requires entities to accrue for employees' rights to receive compensation for vacation and/or sick leave that has been earned, accumulated, and is anticipated to be used, paid out, or otherwise settled using current pay rates. The College's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination. The College's full-time employees earn up to one-and-a-half sick leave days for each month of service and unpaid sick leave is generally forfeited upon termination; however, employees hired prior to July 1, 2001 can convert unpaid sick leave to OPEB premiums upon termination.

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by West Virginia Retiree Health Benefit Trust Fund (RHBT). For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 8 for further discussion.

The estimated expense and expense incurred for the compensated absences or OPEB benefits are recorded as a component of benefits expense in the statements of revenues, expenses, and changes in net position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows of Resources - Consumption of net position by WVSOM that is applicable to a future fiscal year is reported as a deferred outflow of resources on the statement of net position.

Deferred Inflows of Resources - An acquisition of net position by WVSOM that is applicable to a future fiscal year is reported as a deferred inflow of resources on the statement of net position.

Risk Management - The State's Board of Risk and Insurance Management (BRIM) provides general, property and casualty, and medical malpractice liability coverage to WVSOM and its employees. Such coverage may be provided to WVSOM by BRIM through self-insurance programs maintained by BRIM or policies underwritten by BRIM that may involve experience-related premiums or adjustments to BRIM.

BRIM engages an independent actuary to assist in the determination of its premiums so as to minimize the likelihood of premium adjustments to WVSOM or other participants in BRIM's insurance programs. As a result, management does not expect significant differences between the premiums WVSOM is currently charged by BRIM and the ultimate cost of that insurance based on WVSOM's actual loss experience. In the event such differences arise between estimated premiums currently charged by BRIM to WVSOM and WVSOM's ultimate actual loss experience, the difference will be recorded as the change in estimate becomes known.

In addition, through its participation in the West Virginia Public Employees Insurance Agency (PEIA) and a third-party insurer, WVSOM has obtained health, life, prescription drug coverage, and coverage for job related injuries for its employees. In exchange for payment of premiums to PEIA and the third-party insurer, WVSOM has transferred its risks related to health, life, prescription drug coverage, and job-related injuries.

Classification of Revenues - WVSOM classifies its revenues as operating, noncapital subsidies, or other nonoperating based on the underlying economic nature of the transaction and the extent to which the activity is subsidized:

- **Operating Revenues:** Operating revenues include activities that are exchange transactions and represent core institutional operations. Operating revenues include (1) tuition and fees, net of scholarship allowances, (2) sales and services of educational departments or auxiliary enterprises, (3) Federal Pell grants, (4) grants and contracts from federal, state, local, or private entities that are directly tied to an exchange of specific goods, services, or research.

- **Noncapital Subsidies:** Subsidies are non-exchange transactions that directly or indirectly keep student fees lower than they would be otherwise. Noncapital subsidies support ongoing institutional operations and are presented in a dedicated section following operating income. They include items such as state appropriations, noncapital grants and gifts, contributions for the provision of scholarships, and distributions from the foundation.

- **Other Nonoperating Revenues**: Other nonoperating revenues include capital subsidies, endowment contributions, income related to financing, gains on disposal of assets, and investment income.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Restricted Net Position - WVSOM has not adopted a formal policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. Generally, WVSOM attempts to utilize restricted net position first, when practicable.

Federal Financial Assistance Programs - WVSOM, through financial institutions, makes loans to students under the Federal Stafford Loan Program and Graduate Plus Loan Program. These loans are not included as receivable on WVSOM's statements of net position as the loans are repayable directly to the U.S. Department of Education. WVSOM has awarded $25,699,213 and $24,714,893 in 2026 and 2025, respectively, under the Federal Stafford Loan Program and $20,676,171 and $19,701,588 in 2026 and 2025, respectively, under the Graduate Plus Loan Program, which are not included as revenue and expense on the statements of revenues, expenses, and changes in net position. Both programs are from the U.S. Department of Education.

WVSOM also distributes other student financial assistance funds on behalf of the federal government to students under the College Work Study program. The activity of this program is recorded in the accompanying financial statements. In 2026 and 2025, WVSOM received and disbursed $88,369 and $114,933, respectively, under this federal student aid programs.

Scholarship Allowances - Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the statement of revenues, expenses, and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by WVSOM, and the amount that is paid by students and/or third parties making payments on the student's behalf.

Financial aid that is paid directly to students is recognized as scholarship and fellowship expense. Financial aid applied to student accounts that reduces tuition and fee charges is reported as a scholarship allowance and reduces operating revenues. Certain aid, including loans and awards made by third-party sponsors, is accounted for as payments made on behalf of students and is not included in scholarship allowance. Scholarship allowance is calculated based on institutional and other aid applied to student accounts that reduces tuition and fee revenue.

Government Grants and Contracts - Government grants and contracts normally provide for the recovery of direct and indirect costs, subject to audit. WVSOM recognizes revenue associated with direct costs as the related costs are incurred. Recovery of related indirect costs is generally recorded at fixed rates negotiated for a period of one to five years.

Income Taxes - WVSOM is exempt from income taxes, except for unrelated business income, as a governmental instrumentality under federal income tax laws and regulations of the Internal Revenue Service as described in Section 115 of the Internal Revenue Code.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Flows - Any cash and cash equivalents escrowed, restricted for noncurrent assets, or in funded reserves have been included as cash and cash equivalents for the purpose of the statements of cash flows.

Risk and Uncertainties - Investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain securities, it is reasonably possible that changes in risk and values will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Newly Adopted Statements Issued by the Governmental Accounting Standards Board (GASB) and Change in Accounting Principle - During the fiscal year ended June 30, 2026, WVSOM adopted GASB Statement No. 103, *Financial Reporting Model Improvements*. This Statement enhances the financial reporting model for government entities, including public institutions of higher education, by refining the presentation of management narratives, operating and nonoperating resource flows, and component units.

The primary impacts of adopting GASB Statement No. 103 on WVSOM's financial statements include:

- **Presentation of Subsidies:** The WVSOM now presents noncapital subsidies, including state operational appropriations, in a separate section immediately following operating income (loss). A new subtotal for operating income (loss) and noncapital subsidies is now presented on the Statement of Revenues, Expenses, and Changes in Net Position.

- **Component Units:** Major discretely presented component units are now presented in separate columns or through combining statements, rather than being aggregated into a single column.

- **Other Nonoperating Classification:** Other nonoperating activities have been strictly limited to subsidies received and provided, contributions to permanent and term endowments, financing activities, investment activities, and the disposal of capital assets or inventory.

- In accordance with the transitional provisions of GASB Statement No. 103, the financial statements for the fiscal year ended June 30, 2025, have been retroactively restated to conform to the new presentation model. This implementation required a reclassification of certain financial statement lines but did not alter total ending net position for the prior period.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The effects of this restatement on the WVSOM's fiscal year 2025 Statement of Revenues, Expenses, and Changes in Net Position are summarized below:

Financial Statement Line (FY 2025)	As Originally Reported	Effect of GASB 103	As Restated
Operating Revenues			
Interest on student loans receivable	$ 99,068	$ (99,068)	$ -
Noncapital Subsidies			
State appropriations	-	10,232,105	10,232,105
Payments made on behalf of WVSOM	-	35,426	35,426
Other Nonoperating Revenues (Expenses)			
State appropriations	6,762,449	(6,762,449)	-
Special revenue	3,900,000	(3,900,000)	-
Interest on student loans receivable	-	99,068	99,068
Capital grants, appropriations, and gifts	-	430,344	430,344
Other			
Payments made and expenses incurred by the State on behalf of WVSOM	35,426	(35,426)	-

WVSOM also implemented GASB Statement No. 104, *Disclosure of Certain Capital Assets*, which is effective for fiscal years beginning after June 15, 2025. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets, subscription-based information technology arrangement assets, and right-to-use assets should be disclosed separately by major class of underlying asset in the capital assets note disclosures. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale including if (1) the government has decided to pursue the sale of the capital asset, and (2) it is probable that the sale will be finalized within one year of the financial statement date. Governments should evaluate these assets each reporting period and disclose the ending balance of capital assets held for sale, with separate disclosures for historical cost and accumulated depreciation by major class of asset, and the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The adoption of this statement did not have a significant impact on WVSOM’s financial statements.

Recent Statements Issued by the Governmental Accounting Standards Board - GASB has issued Statement No. 105, *Subsequent Events*, which is effective for fiscal years beginning after June 15, 2026. This statement clarifies the subsequent events that constitute recognized and unrecognized events and establishes specific note disclosure requirements for nonrecognized events. WVSOM has not yet determined the effect that the adoption of GASB Statement No. 105 may have on its financial statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents at June 30, 2026 and 2025, is as follows:

	2026		
	Current	Noncurrent	Total
Cash on deposit with the State Treasurer/BTI	$ 36,369,258	$ -	$ 36,369,258
Cash in money market funds	1,465,910	-	1,465,910
Cash in bank	126,927	-	126,927
Cash on hand	600	-	600
	$ 37,962,695	$ -	$ 37,962,695

	2025		
	Current	Noncurrent	Total
Cash on deposit with the State Treasurer/BTI	$ 34,996,086	$ -	$ 34,996,086
Cash in money market funds	1,026,944	-	1,026,944
Cash in bank	159,662	-	159,662
Cash on hand	1,221	-	1,221
	$ 36,183,913	$ -	$ 36,183,913

Cash held by the Treasurer includes $8,001,181 and $6,966,575 of restricted cash classified as current, at June 30, 2026 and 2025, respectively.

The combined carrying amount of cash in the bank at June 30, 2026 and 2025 was $126,927and $159,662, respectively, as compared with the combined bank balance of $90,217 and $128,208 for the years ended June 30, 2026 and 2025, respectively. The difference is primarily caused by outstanding checks and items in transit. The bank balances were covered by federal depository insurance as noted below or were collateralized by securities held by the State's agent. Regarding federal depository insurance, interest-bearing accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000.

Amounts with the State Treasurer were $36,369,258 and $34,996,086 as of June 30, 2026 and 2025, respectively. Of these amounts $28,359,369 and $25,240,990 were invested in the WV Money Market Pool and the WV Short Term Bond Pool as of June 30, 2026 and 2025, respectively. The remainder of the cash held with the State Treasurer was not invested at June 30, 2026 and 2025.

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The following table provides information on the Standard & Poor's rating of the investment pools as of June 30:

	2026		2025	
External Pool	Carrying Value	S & P Rating	Carrying Value	S & P Rating
WV Money Market Pool	$ 27,710,637	AAAm	$ 24,661,450	AAAm
WV Short Term Bond Pool	648,732	Not Rated	579,540	Not Rated

A fund rated "AAAm" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAm" is the highest principal stability fund rating assigned by Standard & Poor's.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All the amounts with the State Treasurer are subject to interest rate risk. The following table provides information on the weighted-average maturities for the WV Money Market Pool:

	2026		2025	
External Pool	Carrying Value	WAM (Days)	Carrying Value	WAM (Days)
WV Money Market Pool	$ 27,710,637	46	$ 24,661,450	41

The following table provides information on the effective duration for the WV Short Term Bond Pool:

	2026		2025	
External Pool	Carrying Value	WAM (Days)	Carrying Value	WAM (Days)
WV Short Term Bond Pool	$ 648,732	664	$ 579,540	637

Other Investment Risks - Other investment risks include concentration of credit risk, custodial credit risk, and foreign currency risk. None of the BTI's Consolidated Fund's investment pools or accounts are exposed to these risks as described below.

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, WVSOM will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Repurchase agreements are required to be collateralized by at least 102% of their value, and the collateral is held in the name of BTI. The BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a Consolidated Fund pool or account's investment in a single corporate issuer. The BTI investment policy prohibits those pools and accounts permitted to hold corporate securities from investing more than 5% of their assets in any one corporate name or one corporate issue.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. WVSOM has no securities with foreign currency risk.

NOTE 4 - INVESTMENTS

WVSOM categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. WVSOM had the following recurring fair value measurements comprised of investments as of June 30, 2026 and 2025.

	2026			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment by Fair Value Level				
Morgan Stanley Private Wealth Management:				
Common stock	$ 30,365,200	$ 30,365,200	$ -	$ -
U.S. treasury securities	9,068,740	9,068,740	-	-
Corporate bonds	5,485,828	5,485,828	-	-
Mutual funds	790,180	790,180	-	-
Total	$ 45,709,948	$ 45,709,948	$ -	$ -
Investments Measured at Net Asset Value (NAV)				
Morgan Stanley Private Wealth Management:				
Alternative investments	$ 9,459,763			
Total Investments Measured at the NAV	9,459,763			
Total Investments Measured at Fair Value	$ 55,169,711			
Total		$ 45,709,948	$ -	$ -

NOTE 4 - INVESTMENTS (Continued)

	2025			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment by Fair Value Level				
Morgan Stanley Private Wealth Management:				
Common stock	$ 23,652,056	$ 23,652,056	$ -	$ -
U.S. treasury securities	8,197,904	8,197,904	-	-
Corporate bonds	6,009,808	6,009,808	-	-
Mutual funds	670,826	670,826	-	-
Total	$ 38,530,594	$ 38,530,594	$ -	$ -
Investments Measured at Net Asset Value (NAV)				
Morgan Stanley Private Wealth Management:				
Alternative investments	$ 14,839,964			
Total Investments Measured at the NAV	14,839,964			
Total Investments Measured at Fair Value	$ 53,370,558			
Total		$ 38,530,594	$ -	$ -

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table.

	2026			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Morgan Stanley Private Wealth Management:				
Renaissance Institutional Equities Fund	$ 3,035,585	n/a	Monthly	60 Days
HP Millennium International Fund	927,089	n/a	Quarterly	30 Days
Mudrick Distressed Opportunity Fund	1,889,248	n/a	Quarterly	90 Days
Coatue Offshore II LTD	1,250,000	n/a	Quarterly	45 Days
Third Point LTD, Series B	1,250,000	n/a	Quarterly	60 Days
KKR Dislocation Fund	1,107,841	248,927	n/a	n/a
Total Investments Measured at the NAV	$ 9,459,763	$ 248,927		

NOTE 4 - INVESTMENTS (Continued)

	2025			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Morgan Stanley Private Wealth Management:				
Renaissance Institutional Equities Fund	$ 3,797,894	n/a	Monthly	60 Days
HP Millennium International Fund	809,458	n/a	Quarterly	30 Days
Mudrick Distressed Opportunity Fund	6,897,348	n/a	Quarterly	90 Days
Owl Rock Tech FC II	2,057,524	$ 1,075,372	n/a	n/a
KKR Dislocation Fund	1,277,740	324,552	n/a	n/a
Total Investments Measured at the NAV	$ 14,839,964	$ 1,399,924		

Credit Risk

WVSOM's investment policy adheres to fiduciary responsibilities in accordance with the provisions of the Uniform Prudent Investor Act (WV State Code 44-6C-1 Prudent Investor Rule). At June 30, 2026, the RNC Capital Management fund had a Bond Maturity Schedule and Bond Quality of:

Bond Maturity	Market Value	% of Bond Market Value
Less than 1 year	$ 1,089,336	7.48%
1 to 5 years	13,465,232	92.52%
6 to 10 years	-	0.00%
Over 10 years	-	0.00%
Total	$ 14,554,568	100.00%

NOTE 4 - INVESTMENTS (Continued)

Security Description	Bond Quality Moody's	Bond Quality S&P	Market Value	% of Bond Market Value
CitiGroup Inc.	A3	BBB+	$ 357,063	2%
Goldman Sachs Group	A2	BBB+	745,279	5%
Morgan Stanley	A1	A-	373,589	3%
Bank of America	A1	A-	353,859	2%
Wells Fargo	A1	BBB+	374,724	3%
US Treasury Note	AA1		9,068,740	62%
Meta Platforms Inc.	AA3	AA-	363,956	3%
M&T Bank Corp	BAA1	BBB+	359,031	2%
Cheniere Energy Inc.	BAA2	BBB	732,478	5%
Energy Transfer LP	BAA2	BBB	727,956	5%
Ally Financial Inc.	BAA3	BBB-	369,360	3%
HF Sinclair Corp	BAA3	BBB-	367,154	3%
Sumisho Air Lease Corp	BAA2	BBB	361,379	2%
			$ 14,554,568	100%

Concentration of Credit Risk

To minimize risk, WVSOM's investment policy allows for no more than 5% of available assets to be invested with any one issuer, except U.S. government securities.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate risk is managed by limiting the time period or duration of the specific investment.

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable are as follows at June 30:

	2026	2025
Grants and contracts receivable	$ 2,663,021	$ 69,316
Grants receivable - West Virginia University Research Corporation	-	259,773
Grants receivable - Marshall University Research Corporation	155,606	45,083
Other accounts receivable	1,348,520	1,310,865
	$ 4,167,147	$ 1,685,037

Noncurrent receivables were as follows at June 30:

	2026	2025
Arrears Pay Conversion	$ 19,889	$ 32,093
Robert C. Byrd Clinic	2,227,343	2,227,343
	$ 2,247,232	$ 2,259,436

NOTE 6 - CAPITAL ASSETS

The following is a summary of capital asset transactions of WVSOM for the years ended June 30:

	2026			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 1,623,895	$ -	$ -	$ 1,623,895
Construction in progress	1,595,780	8,001,574	(3,359,470)	6,237,884
Total capital assets not being depreciated	$ 3,219,675	$ 8,001,574	$ (3,359,470)	$ 7,861,779
Other capital assets:				
Land improvements	$ 3,690,174	$ -	$ -	$ 3,690,174
Buildings	112,806,133	3,394,207	(33,898)	116,166,442
Equipment	11,544,107	878,214	(28,054)	12,394,267
Library books	23,433	3,287	(5,985)	20,735
Total other capital assets	128,063,847	4,275,708	(67,937)	132,271,618
Right-to-use assets being amortized:				
SBITA - IT software	3,089,982	414,371	-	3,504,353
Total right-to-use assets being amortized	3,089,982	414,371	-	3,504,353
Total other capital assets and right-to-use assets being amortized	131,153,829	4,690,079	(67,937)	135,775,971
Less accumulated depreciation for:				
Land improvements	(3,010,833)	(77,509)	-	(3,088,342)
Buildings	(43,686,356)	(3,014,736)	-	(46,701,092)
Equipment	(8,504,335)	(790,017)	24,856	(9,269,496)
Library books	(12,075)	(3,817)	5,985	(9,907)
Total accumulated depreciation	(55,213,599)	(3,886,079)	30,841	(59,068,837)
Less accumulated amortization for:				
SBITA - IT software	(1,355,360)	(943,892)	-	(2,299,252)
Total accumulated amortization	(1,355,360)	(943,892)	-	(2,299,252)
Total accumulated depreciation and amortization	(56,568,959)	(4,829,971)	30,841	(61,368,089)
Other capital assets and right-to-use assets being amortized, net	$ 74,584,870	$ (139,892)	$ (37,096)	$ 74,407,882
Capital asset summary:				
Capital assets not being depreciated	$ 3,219,675	$ 8,001,574	$ (3,359,470)	$ 7,861,779
Other capital assets and right-to-use assets being amortized	131,153,829	4,690,079	(67,937)	135,775,971
Total cost of capital assets	134,373,504	12,691,653	(3,427,407)	143,637,750
Less accumulated depreciation and amortization	(56,568,959)	(4,829,971)	30,841	(61,368,089)
Capital assets, net	$ 77,804,545	$ 7,861,682	$ (3,396,566)	$ 82,269,661

NOTE 6 - CAPITAL ASSETS (Continued)

	2025			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 1,623,895	$ -	$ -	$ 1,623,895
Construction in progress	118,323	2,161,409	(683,952)	1,595,780
Total capital assets not being depreciated	$ 1,742,218	$ 2,161,409	$ (683,952)	$ 3,219,675
Other capital assets:				
Land improvements	$ 3,690,174	$ -	$ -	$ 3,690,174
Buildings	111,767,765	1,038,368	-	112,806,133
Equipment	11,318,231	377,967	(152,091)	11,544,107
Library books	26,221	2,714	(5,502)	23,433
Total other capital assets	126,802,391	1,419,049	(157,593)	128,063,847
Right-to-use assets being amortized:				
SBITA - IT software	2,536,623	1,575,085	(1,021,726)	3,089,982
Total right-to-use assets being amortized	2,536,623	1,575,085	(1,021,726)	3,089,982
Total other capital assets and right-to-use assets being amortized	129,339,014	2,994,134	(1,179,319)	131,153,829
Less accumulated depreciation for:				
Land improvements	(2,929,855)	(80,978)	-	(3,010,833)
Buildings	(40,727,574)	(2,958,782)	-	(43,686,356)
Equipment	(7,883,987)	(743,024)	122,676	(8,504,335)
Library books	(13,445)	(4,132)	5,502	(12,075)
Total accumulated depreciation	(51,554,861)	(3,786,916)	128,178	(55,213,599)
Less accumulated amortization for:				
SBITA - IT software	(1,285,352)	(1,091,734)	1,021,726	(1,355,360)
Total accumulated amortization	(1,285,352)	(1,091,734)	1,021,726	(1,355,360)
Total accumulated depreciation and amortization	(52,840,213)	(4,878,650)	1,149,904	(56,586,959)
Other capital assets and right-to-use assets being amortized, net	$ 76,498,801	$ (1,884,516)	$ (29,415)	$ 74,584,870
Capital asset summary:				
Capital assets not being depreciated	$ 1,742,218	$ 2,161,409	$ (683,952)	$ 3,219,675
Other capital assets and right-to-use assets being amortized	129,339,014	2,994,134	(1,179,319)	131,153,829
Total cost of capital assets	131,081,232	5,155,543	(1,863,271)	134,373,504
Less accumulated depreciation and amortization	(52,840,213)	(4,878,650)	1,149,904	(56,568,959)
Capital assets, net	$ 78,241,019	$ 276,893	$ (713,367)	$ 77,804,545

NOTE 6 - CAPITAL ASSETS (Continued)

WVSOM maintains certain collections of inexhaustible assets to which no value can be practically determined. Accordingly, such collections are not capitalized or recognized for financial statement purposes. Such collections include contributed works of art, historical treasures, and literature that are held for exhibition, education, research, and public service. These collections were neither disposed of for financial gain nor encumbered in any means.

At June 30, 2026, WVSOM had outstanding contractual liabilities of approximately $1.1 million for property, plant, and equipment expenditures and outstanding contractual commitments of approximately $29.8 million.

NOTE 7 - LONG-TERM LIABILITIES

The following is a summary of long-term obligation transactions of WVSOM for the years ended June 30:

	2026				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Advances from federal sponsors	$ 195,080	$ -	$ (6,441)	$ 188,639	$ -
Compensated absences	3,454,874	191,643	-	3,646,517	2,488,662
Net other postemployment benefits (asset)/liability	(20,924)	478,275	(278,519)	178,832	-
Subscription liability	1,543,041	365,607	(797,315)	1,111,333	600,377
Total long-term liabilities	$ 5,172,071	$ 1,035,525	$ (1,082,275)	$ 5,125,321	$ 3,089,039

	2025				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Advances from federal sponsors	$ 199,465	$ -	$ (4,385)	$ 195,080	$ -
Compensated absences	3,024,189	430,685	-	3,454,874	2,444,931
Subscription liability	883,809	1,181,127	(521,895)	1,543,041	720,417
Total long-term liabilities	$ 4,107,463	$ 1,611,812	$ (526,280)	$ 5,192,995	$ 3,165,348

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS

As related to GASB 75, following are WVSOM's net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, revenues, and the OPEB expense and expenditures for the fiscal years ended June 30, 2026 and 2025:

	2026	2025
Net OPEB (asset)/liability	$ 178,832	$ (20,924)
Deferred outflows of resources	670,221	127,985
Deferred inflows of resources	372,472	159,573
Revenues	203,935	35,426
OPEB expense	255,711	(17,108)
Contributions made by WVSOM	74,388	21,327

Plan Description

The West Virginia Other Postemployment Benefit (OPEB) Plan (the Plan) is a cost-sharing, multiple employer, defined benefit other postemployment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the West Virginia Code. Financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State established July 1, 2006 as an irrevocable trust. The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with the approval of the PEIA Finance Board. The plan provides medical and prescription drug insurance, as well as life insurance, benefits to certain retirees of State agencies, colleges and universities, county boards of education, and other government entities who receive pension benefits under the PERS, STRS, TDCRS, TIAA-CREF, Plan G, Troopers Plan A, or Troopers Plan B pension systems, as administered by the West Virginia Consolidated Public Retirement Board (CPRB). The plan is closed to new entrants.

The primary sources of revenue are plan members and employer contributions. Members' contributions are recognized in the period in which the contributions are due. Employer contributions and related receivables to the trust are recognized pursuant to a formal commitment from the employer or statutory or contractual requirement, when there is a reasonable expectation of collection. Benefits and refunds are recognized when due and payable.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

The medical and prescription drug insurance is provided through two options:

- Self-Insured Preferred Provider Benefit Plan - primarily for non-Medicare-eligible retirees and spouses
- External Managed Care Organizations - primarily for Medicare-eligible retirees and spouses

Contributions

Employer contributions from the RHBT billing system represent what the employer was billed during the respective year for its portion of the pay-as-you-go (paygo) premiums, retiree leave conversion billings, and other matters, including billing adjustments.

Paygo premiums are established by the PEIA Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. In fiscal year 2024, there was no subsidization of retiree healthcare from paygo premiums and PEIA active employers were not billed paygo. The paygo rate for fiscal year 2025 was $34 per active health policy per month.

Members retired before July 1, 1997 pay retiree healthcare contributions at the highest sponsor subsidized rate, regardless of their actual years of service. Members retired after July 1, 1997 or hired before June 30, 2010 pay a subsidized rate depending on the member's years of service. Members hired on or after July 1, 2010 pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy.

Retiree leave conversion contributions from the employer depend on the retiree's date of hire and years of service at retirement as described below:

- Members hired before July 1, 1988 may convert accrued sick or annual leave days into 100% of the required retiree healthcare contribution.

- Members hired from July 1, 1988 to June 30, 2001 may convert accrued sick or annual leave days into 50% of the required retiree healthcare contribution.

The conversion rate is two days of unused sick and annual leave days per month for single healthcare coverage and three days of unused sick and annual leave days per month for family healthcare coverage.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

WVSOM's contributions to the OPEB plan for the years ended June 30, 2026 and 2025 were $74,388, and $21,327, respectively.

Assumptions

The June 30, 2026 OPEB liability (asset) for financial reporting purposes was determined by an actuarial valuation as of June 30, 2024 and a measurement date of June 30, 2025. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

- Inflation rate: 2.50%.
- Salary increase: Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation.
- Investment rate of return: 7.40%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates: Trend rate for pre-Medicare and Medicare per capita costs of 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year end 2034.
- Actuarial cost method: Entry age normal cost method.
- Amortization method: Level percentage of payroll over a 20-year closed period as of June 30, 2017.
- Wage inflation: 2.75%.
- Retirement age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2020 actuarial valuation.
- Aging factors: Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
- Expenses: Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.
- Mortality post retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females.
- Mortality pre-retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 100% for females.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study from the period July 1, 2015 to June 30, 2020.

The actuarial valuation as of June 30, 2024, reflects updates to the following healthcare related assumptions, which include per capita claim costs, healthcare trend rates, coverage and continuance, and participation rates.

The long-term expected rate of return of 7.40% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.60% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 2.75% for assets invested with the BTI.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which estimates of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Target asset allocations, capital market assumptions (CMA), and forecast returns were provided by the Plan's investment advisors, including the West Virginia Investment Management Board (WV-IMB). The projected nominal return for the Money Market Pool held with the BTI was estimated based on the WV-IMB assumed inflation of 2.50% plus a 25 basis point spread.

The target allocation and estimates of annualized long-term expected returns assuming a 10-year horizon are summarized below:

June 30, 2025		
Asset Class	Target Allocation	Long-term Expected Real Return
Equity	45.0%	7.4%
Fixed income	15.0%	3.9%
Private credit and income	6.0%	7.4%
Private equity	12.0%	10.0%
Real estate	12.0%	7.7%
Hedge funds	10.0%	4.5%

June 30, 2024		
Asset Class	Target Allocation	Long-term Expected Real Return
Equity	45.0%	7.4%
Fixed income	15.0%	3.9%
Private credit and income	6.0%	7.4%
Private equity	12.0%	10.0%
Real estate	12.0%	7.7%
Hedge funds	10.0%	4.5%

Single discount rate. The discount rate used to measure the total OPEB liability (asset) was 7.40% for fiscal years 2026 and 2025. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.40% for those fiscal years. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the net OPEB (asset)/liability to changes in the discount rate. The following presents WVSOM's proportionate share of the net OPEB liability (asset) as of June 30, 2026 and 2025 calculated using a discount rate that is one percentage point lower (6.40%) or one percentage point higher (8.40%) than the current rate.

Net OPEB (Asset)/Liability	1% Decrease	Current Discount Rate	1% Increase
2026	$ 683,057	$ 178,832	$ (251,592)
2025	$ 91,482	$ (20,924)	$ (114,538)

Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rate. The following presents WVSOM's proportionate share of the net OPEB liability (asset) as of June 30, 2026 and 2025 calculated using the healthcare cost trend rate, as well as what WVSOM's net OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate.

Net OPEB Liability (Asset)	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
2026	$ (453,590)	$ 178,832	$ 930,032
2025	$ (164,516)	$ (20,924)	$ 153,448

OPEB (Assets)/Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The June 30, 2026 net OPEB liability (asset) was measured as of June 30, 2025, and the total OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2024, rolled forward to the measurement date of June 30, 2025. The June 30, 2025 net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2023, rolled forward to the measurement date of June 30, 2024.

At June 30, 2026, WVSOM's proportionate share of the net OPEB liability (asset) was $320,711. Of this amount, WVSOM recognized $178,832 as its proportionate share on the statement of net position. The remainder of $141,879 denotes WVSOM's proportionate share of net OPEB liability (asset) attributable to the special funding.

At June 30, 2025, WVSOM's proportionate share of the net OPEB liability (asset) was ($86,644). Of this amount, WVSOM recognized ($20,924) as its proportionate share on the statement of net position. The remainder of ($65,720) denotes WVSOM's proportionate share of net OPEB liability (asset) attributable to the special funding.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer contributions to OPEB for each of the fiscal years ended June 30, 2025 and 2024. Employer contributions are recognized when due. At the June 30, 2025 measurement date, WVSOM's proportion was 0.190%, an increase of 0.140% from its proportion of 0.050% calculated as of June 30, 2024. At the June 30, 2024 measurement date, WVSOM's proportion was 0.050%, a decrease of 0.193% from its proportion of 0.243% calculated as of June 30, 2023.

For the year ended June 30, 2026, WVSOM recognized OPEB expense of $255,711. Of this amount, $51,776 was recognized as WVSOM's proportionate share of OPEB expense and $203,935 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. WVSOM also recognized revenue of $203,935 for support provided by the State.

For the year ended June 30, 2025, WVSOM recognized OPEB expense of ($17,108). Of this amount, ($52,534) was recognized as WVSOM's proportionate share of OPEB expense and $35,426 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. WVSOM also recognized revenue of $35,426 for support provided by the State.

At June 30, 2026 and 2025, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

June 30, 2026	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 162,757	$ 131,674
Changes in proportion and difference between employer contributions and proportionate share of contributions	15,261	73,279
Net difference between expected and actual investment earnings	-	130,665
Changes in assumptions	417,815	36,854
Contributions after the measurement date	74,388	-
Total	$ 670,221	$ 372,472

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

June 30, 2025	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 72,883	$ 21,040
Changes in proportion and difference between employer contributions and proportionate share of contributions	25,787	89,951
Net difference between expected and actual investment earnings	-	23,839
Changes in assumptions	7,988	24,743
Contributions after the measurement date	21,327	-
Total	$ 127,985	$ 159,573

WVSOM will recognize the $74,388 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability (asset) in the year ended June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30,	Amortization
2027	$ 221,639
2028	98,894
2029	(57,324)
2030	(39,848)
	$ 223,361

Payables to the OPEB Plan

WVSOM did not report any amounts payable for normal contributions to the OPEB plan as of June 30, 2026 and 2025.

NOTE 9 - STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

WVSOM is a State institution of higher education, and it receives a State appropriation to finance a portion of its operations. In addition, it is subject to the legislative and administrative mandates of State government. Those mandates affect all aspects of WVSOM's operations, its tuition and fee structure, its personnel policies, and its administrative practices.

NOTE 9 - STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS (Continued)

The State has chartered the Commission with the responsibility to construct or renovate, finance, and maintain various academic and other facilities of the State's colleges and universities, including certain facilities of WVSOM. Financing for these facilities was provided through revenue bonds issued by the former Board of Regents or the former Boards of the College and College Systems (the Boards). These obligations administered by the Commission are the direct and total responsibility of the Municipal Bond Commission, as successor to the former Boards.

The Municipal Bond Commission has the authority to assess each public institution of higher education for payment of debt service on these system bonds. The tuition and registration fees of the members of the former State University System (the System) are generally pledged as collateral for the Commission's bond indebtedness. Student fees collected by the institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. Although the bonds remain as a capital obligation of the Commission, an estimate of the obligation of each institution is reported as a long-term payable by each institution and as a receivable by the Commission. No amount of the System debt has been assessed by the Commission to WVSOM as of June 30, 2026 and 2025.

NOTE 10 - UNRESTRICTED NET POSITION

WVSOM's unrestricted net position at June 30, 2026 and 2025 includes certain designated net position amounts, as follows:

	2026	2025
Designated for auxiliaries	$ 87,824	$ 98,137
Undesignated	99,316,425	104,958,698
Total unrestricted net position	$ 99,404,249	$ 105,056,835

NOTE 11 - RETIREMENT PLANS

Substantially all full-time employees of WVSOM participate in the Teachers' Insurance and Annuities Association - College Retirement Equities Fund (the TIAA-CREF).

The TIAA-CREF is a defined contribution plan in which benefits are based solely upon amounts contributed plus investment earnings. Employees who elect to participate in this plan are required to make a contribution equal to six percent of total annual compensation. WVSOM matches the employees' six percent contribution. Contributions are immediately and fully vested. In addition, employees may elect to make additional contributions to TIAA-CREF which are not matched by WVSOM.

Total contributions to the TIAA-CREF for the years ended June 30, 2026, 2025, and 2024 were $3,575,420, $3,554,084, and $3,192,842, respectively, which consisted of equal contributions from WVSOM and covered employees of $1,787,710, $1,777,042, and $1,538,126 in 2026, 2025, and 2024, respectively.

WVSOM's total benefits-eligible payroll for the years ended June 30, 2026, 2025, and 2024, was $28,875,434, $28,068,763, and $26,282,427, respectively; total covered employees' salaries in TIAA-CREF were $28,875,434 in 2026, $28,068,763 in 2025, and $26,282,427 in 2024.

Effective January 1, 2003, higher education employees enrolled in the basic 40l(a) retirement plan with TIAACREF have an option to switch to the Educators Money 40l(a) Basic Retirement Plan (the Educators Money). New hires have the choice of either plan.

The Educators Money is a defined contribution plan in which benefits are based solely upon amounts contributed plus investment earnings. Each employee who elects to participate in this plan is required to make a contribution equal to 6% of total annual compensation. WVSOM matches the employees' 6% contributions. Contributions are immediately and fully vested. Employees may elect to make additional contributions to the Educators Money, which are not matched by WVSOM. As of June 30, 2026, no employees were enrolled in the Educators Money 401(a) basic retirement plan.

NOTE 12 - FOUNDATION

The West Virginia School of Osteopathic Medicine Foundation, Incorporated (the Foundation) is a separate non-profit organization incorporated in the State of West Virginia. Oversight of the Foundation is the responsibility of an independently elected Board of Directors, not otherwise affiliated with WVSOM. In carrying out its responsibilities, the Board of Directors of the Foundation employs management, forms policy, and maintains fiscal accountability over funds administered by the Foundation. Although WVSOM does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests, are restricted to the activities of WVSOM by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, WVSOM, the Foundation is considered a component unit of WVSOM and therefore, is discretely presented in accordance with GASB.

NOTE 12 - FOUNDATION (Continued)

Gifts, grants, pledges, bequests, and other revenue contributed to the Foundation totaled $619,035 and $1,624,174 for the years ended June 30, 2026 and 2025, respectively.

WVSOM provided direct financial support of $435,544 and $503,214 for the years ended June 30, 2026 and 2025, respectively.

NOTE 13 - AFFILIATED ORGANIZATIONS (UNAUDITED)

The West Virginia School of Osteopathic Medicine Alumni Association (the "Association") is a separate nonprofit organization that promotes the interests of WVSOM and its graduates through alumni engagement, professional development, networking opportunities, student support, and advancement activities. Although the Association exists to support the mission and objectives of WVSOM, it is a legally separate organization governed by an independently elected Board of Directors. The Board of Directors is responsible for directing management, establishing policies, and maintaining fiscal accountability over the affairs of the Association.

WVSOM provides administrative and operational support to the Association, including assistance with alumni relations, communications, event coordination, and related activities. In addition, certain funds of the Association are held and administered through custodial arrangements maintained by the West Virginia School of Osteopathic Medicine Foundation, Inc. Those funds remain the property of the Association and are not reflected as assets of WVSOM or the Foundation.

WVSOM does not appoint a voting majority of the Association's governing board, does not control its operations, and is not financially accountable for the Association. Accordingly, the financials statements of the Association are not included in the accompanying financial statements because they did not meet the criterion as indicated in GASB. Financial information relating to the Association may be obtained from the West Virginia School of Osteopathic Medicine Alumni Association, Lewisburg, West Virginia.

The West Virginia School of Osteopathic Medicine Robert C. Byrd Clinic, Inc. (the Clinic) operates a health center located in Lewisburg, West Virginia. The Clinic, opened in January of 1997, was established to provide health care to the community and to serve as a laboratory for the students of WVSOM. Although the Clinic was created for the purpose of assisting WVSOM in achieving its missions, it is a separate non-profit organization incorporated in the State of West Virginia. Oversight of the Clinic is the responsibility of an independently elected Board of Directors, not otherwise affiliated with WVSOM. The Board of Directors employs management, forms policy, and maintains fiscal accountability over the financial affairs of the Clinic. The financial statements of the Clinic are not included in the accompanying financial statements because they did not meet the criterion as indicated in GASB.

WVSOM owns the building in which the Clinic is operated and the cost of the building is recognized in WVSOM’s financial statements. WVSOM has an operating lease with the clinic under which it charges the Clinic $1 each month for rental of the office space and certain furniture and equipment.

NOTE 13 - AFFILIATED ORGANIZATIONS (Continued)

In addition, WVSOM and the Clinic have agreements whereby WVSOM pays the Clinic for medical education services for students of WVSOM, certain office expenses and equipment rentals, and health services for students enrolled at WVSOM. For each of the years ended June 30, 2026 and 2025, the amount paid by WVSOM for instruction, office expenses, utilities, and equipment rental totaled approximately $2,683,852 and approximately $3,696,641, respectively. WVSOM made payments totaling approximately $125,000 and approximately $125,000 for the years ended June 30, 2026 and 2025, respectively, to the Clinic for providing health services to WVSOM students. The financial statements of the Clinic are available at www.guidestar.org.

The Mountain State Osteopathic Postdoctoral Training Institutions, Inc. (MSOPTI) is a medical education consortium formed in 1998 through affiliation agreements among MSOPTI, WVSOM (central partner), and partner training institutions (hospitals, teaching health centers) in the States of West Virginia, Ohio, Pennsylvania, and Maryland which provide postdoctoral training to medical residents. The affiliation agreements are renewed annually and are executed among each training institution, WVSOM and MSOPTI. As of June 30, 2026 MSOPTI, had the Central Partner (WVSOM) and five (5) Members (AHTHC, CAMC, CCTHC, THS, UHC), which paid an annual Affiliate Member fee. All Members have voting privileges on the MSOPTI Board. MSOPTI also has three (3) Supporters: The Beckley (WV) VA Hospital, Mon General Hospital (WV), and the Southeastern Area Health Education Center (SEAHEC) which do not pay membership fees. MSOPTI serves as the grant's administrator for SEAHEC.

Although MSOPTI is a consortium created for the purpose of assisting WVSOM in achieving its mission, it is a separate 501(c) (3) non-profit organization incorporated in the State of West Virginia. Oversight of MSOPTI is the responsibility of a Governing Board of Directors, as specified in the MSOPTI by-laws. The MSOPTI Governing Board of Directors is made up of three voting members from WVSOM and one voting member from each of the Member institutions. In carrying out its responsibilities, the MSOPTI Governing Board of Directors directs management, forms policy, and maintains fiscal accountability over funds administered by MSOPTI. MSOPTI is audited annually by an independent CPA through a written letter of engagement. Accordingly, the financials statements of MSOPTI are not included in the accompanying financial statements because they did not meet the criterion as indicated in GASB. For each of the years ended June 30, 2026 and 2025, WVSOM contributed $21,000 to MSOPTI. In addition, WVSOM incurred $140,588 and $170,970 of personnel costs on MSOPTI's behalf and was reimbursed for these costs in the years ended June 30, 2026 and 2025, respectively. The financial statements of MSOPTI are available at www.guidestar.org.

NOTE 13 - AFFILIATED ORGANIZATIONS (Continued)

In addition to the relationships and transactions previously described, WVSOM utilizes services, supplies and equipment provided by other state agencies. Amounts due to other state agencies recorded in Due to Other State Agencies on the Statement of Net Position at June 30, are as follows:

	2026	2025
Due to:		
Attorney General	$ 159	$ 151
State Treasurer's Office	30	999
WV Net	38,967	-
State Police	33,120	-
State Tax Department	861	1,092
Office of Technology	22	-
Financial Accounting and Reporting Section	16,904	-
	$ 90,063	$ 2,242

NOTE 14 - CONTINGENCIES

The nature of the educational industry is such that, from time to time, claims will be presented against educational institutions on account of alleged negligence, acts of discrimination, breach of contract, or disagreements arising from the interpretation of laws or regulations. While some of these claims may be for substantial amounts, they are not unusual in the ordinary course of providing educational services in a higher education system. In the opinion of management, all known claims are covered by insurance or are such that an award against WVSOM would not impact seriously on the financial status of the institution.

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. WVSOM's management believes that disallowances, if any, will not have a significant financial impact on WVSOM's financial position.

WVSOM owns various buildings which are known to contain asbestos. WVSOM is not required by federal, state, or local law to remove the asbestos from its buildings. WVSOM is required under federal environmental health and safety regulations to manage the presence of asbestos in its buildings in a safe condition. WVSOM addresses its responsibility to manage the presence of asbestos in its buildings on a case by case basis. Significant problems of dangerous asbestos conditions are abated as the conditions become known. WVSOM also addresses the presence of asbestos as building renovation or demolition projects are undertaken and through asbestos operation and maintenance programs directed at containing, managing, or operating with the asbestos in a safe condition.

NOTE 15 - SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS

WVSOM has agreements for various terms under long-term, noncancelable subscription-based information technology arrangements (SBITAs). The SBITAs have annual payments ranging from $23,048 to $228,910 plus interest at 4.75% with due dates ranging from July 2027 to March 2030.

Future annual minimum lease payments on leases for years subsequent to June 30, 2026, are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total Payments
2027	$ 600,377	$ 51,176	$ 651,553
2028	300,212	24,806	325,018
2029	183,196	10,231	193,427
2030	27,548	1,337	28,885
	$ 1,111,333	$ 87,550	$ 1,198,883

NOTE 16 - COMPONENT UNIT DISCLOSURES

The following are the significant notes related to the financial statements of the Foundation. Questions concerning any of the information provided in the following pages or requests for additional financial information should be addressed to West Virginia School of Osteopathic Medicine Foundation, Inc. at 400 North Lee Street, Lewisburg, West Virginia 24901.

DESCRIPTION OF THE FOUNDATION

The West Virginia School of Osteopathic Medicine Foundation, Inc. (the “Foundation”) is a West Virginia not-for-profit corporation established for the purpose of promoting and advancing educational and fraternal opportunities for current students, faculty, staff, and alumni of the West Virginia School of Osteopathic Medicine (“WVSOM”), located in Lewisburg, West Virginia. It is the Foundation’s mission to serve WVSOM, its faculty, staff, students, and alumni as an additional funding source through fundraising, managing funds, and overseeing the distribution of these funds. The Foundation accomplishes this by engaging in the following principal activities:

- Solicitation of restricted and unrestricted charitable contributions;
- Investment of available liquid assets;
- Awarding to qualified students, faculty, or staff of WVSOM certain grants, scholarships, or enhancements to their job performance;
- Rental of a conference/meeting/event facility located on the WVSOM campus.

NOTE 16 - COMPONENT UNIT DISCLOSURES (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments - Investments in marketable securities with readily determinable and all investments in debt securities are measured at their fair values in the statements of net position. Cash and cash equivalents are carried at cost which approximates fair value. The Foundation's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the statement of net position are exposed to various risks including changes in the equity marks, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investment securities, it is reasonably possible that the amounts reported in the accompanying financial statements could change materially in the near term.

Endowments - See separately issued component unit financial statements for endowment related disclosures. For the years ended June 30, 2026 and 2025, there were no material reclasses among net position classes nor were there material changes in the endowments.

INVESTMENTS

Investments consist of the following at June 30:

	2026	2025
Cash and cash equivalents	$ 1,753,753	$ 2,008,702
Common stocks	37,350,164	30,502,611
Federal government and agency securities	9,070,082	9,368,349
Corporate bonds	11,367,829	10,156,134
Alternative investments	11,347,354	14,215,590
Real estate investment trusts	18,783	84,879
Total	$ 70,907,965	$ 66,336,265

Total investment return is comprised of the following for the years ended June 30, 2026 and 2025:

	2026	2025
Interest and dividends	$ 365,767	$ 330,040
Unrealized and realized gains and (losses), net	943,184	891,040
Investment management fees	(81,960)	(67,968)
Total	$ 1,226,991	$ 1,153,112

NOTE 16 - COMPONENT UNIT DISCLOSURES (Continued)

INVESTMENTS (Continued)

Fair Value Measurements

The following is a description of the valuation methodologies used for assets measured at fair value and for financial instruments disclosed at fair value. There have been no changes in methodologies used at June 30, 2026 and 2025. Fair value levels are defined in Note 2 of the WVSOM statements.

Cash and cash equivalents: carrying amounts approximate fair value because of the short maturity of these financial instruments.

Corporate stocks: valued at quoted prices in active markets for the common stock.

U.S. Treasury & Agency obligations and corporate bonds: fair value is based on pricing provided by an independent pricing vendor, broker/dealer, or model-based technique for which the inputs for the valuation are based upon readily observable pricing information.

Certificates of deposit: valued at amortized cost, which approximates fair value.

Mutual funds, exchange-traded funds, and real estate investment trusts: valued at the net asset values available in observable markets for the shares held by the fund.

Alternative assets: valued at the net asset values of the funds based on the subscription and redemption activity pursuant to the funds' governing documents.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The following table presents the recorded amount of assets measured at fair value on a recurring basis.

		Fair Value Measurements Using		
	Fair Value	Level 1	Level 2	Level 3
June 30, 2026:				
Cash and cash equivalents	$ 1,753,753	$ 1,753,753	$ -	$ -
Common stocks	37,350,164	37,350,164	-	-
Federal government and agency securities	9,070,082	-	9,070,082	-
Corporate bonds	11,367,829	-	11,367,829	-
Alternative investments	11,347,354	-	11,347,354	-
Real estate investment trusts	18,783	18,783	-	-
Total	$ 70,907,965	$ 39,122,700	$ 31,785,265	$ -

NOTE 16 - COMPONENT UNIT DISCLOSURES (Continued)

INVESTMENTS (Continued)

		Fair Value Measurements Using		
	Fair Value	Level 1	Level 2	Level 3
June 30, 2025:				
Cash and cash equivalents	$ 2,008,702	$ 2,008,702	$ -	$ -
Common stocks	30,502,611	30,502,611	-	-
Federal government and agency securities	9,368,349	-	9,368,349	-
Corporate bonds	10,156,134	-	10,156,134	-
Alternative investments	14,215,590	-	14,215,590	-
Real estate investment trusts	84,879	84,879	-	-
Total	$ 66,336,265	$ 32,596,192	$ 33,740,073	$ -

CUSTODIAL LIABILITIES

The Foundation entered into an Investment Management Agency Agreement with WVSOM on June 21, 2014. In accordance with the terms of this agreement, WVSOM has transferred $35,400,000 to the Foundation, who serves as the investment agent for the funds. The Foundation recognizes a custodial liability in an amount equal to the funds held under the terms of this agreement including all subsequent earnings thereon. Also, the Foundation recognizes custodial liabilities for additional funds held on behalf of various student, faculty, and alumni organizations. These liabilities amounted to $58,744,611 and $55,521,126 at June 30, 2026 and 2025, respectively.

RESTRICTED NET POSITION

Restricted net position consists of the following:

	June 30,	
	2026	2025
Expendable - capital projects	$ 2,159,209	$ 1,968,537
Expendable - scholarships	1,791,283	1,628,330
Nonexpendable	6,348,600	5,622,802
Totals	$ 10,299,092	$ 9,219,669

NOTE 17 - NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

2026

	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships And Fellowships	Depreciation	Loan Cancellations and Write-offs	Total
Instruction	$ 15,707,283	$ 3,502,017	$ 5,780,566	$ 842	$ -	$ -	$ -	$ 24,990,708
Research	1,073,910	302,917	520,764	100	-	-	-	1,897,691
Public service	208,929	46,500	496,764	7,781	-	-	-	759,974
Academic support	2,583,352	711,591	1,414,786	-	-	-	-	4,709,729
Student services	2,607,820	731,685	1,771,767	14,062	-	-	-	5,125,334
General institutional support	6,636,102	1,172,023	5,462,150	-	-	-	-	13,270,275
Operations and maintenance of plant	1,879,854	719,788	1,741,233	1,323,122	-	-	-	5,663,997
Student financial aid	-	-	-	-	26,932	-	-	26,932
Auxiliary enterprises	136,327	46,310	251,303	-	-	-	-	433,940
Depreciation	-	-	-	-	-	4,829,971	-	4,829,971
Other	-	-	-	-	-	-	385,626	385,626
Total	$ 30,833,577	$ 7,232,831	$ 17,439,333	$ 1,345,907	$ 26,932	$ 4,829,971	$ 385,626	$ 62,094,177

2025

	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships And Fellowships	Depreciation	Loan Cancellations and Write-offs	Total
Instruction	$ 15,071,919	$ 3,351,019	$ 5,706,166	$ -	$ -	$ -	$ -	$ 24,129,104
Research	772,862	198,735	54,373	7,210	-	-	-	1,033,180
Public service	738,720	180,266	795,833	47	-	-	-	1,714,866
Academic support	2,792,425	689,386	1,482,147	-	-	-	-	4,963,958
Student services	2,546,894	755,069	1,920,856	5,271	-	-	-	5,228,090
General institutional support	6,642,775	1,168,963	4,068,962	5,111	-	-	-	11,885,811
Operations and maintenance of plant	1,737,014	629,872	1,542,798	1,021,117	-	-	-	4,930,801
Student financial aid	-	-	-	-	120,401	-	-	120,401
Auxiliary enterprises	132,965	42,402	238,986	-	-	-	-	414,353
Depreciation	-	-	-	-	-	4,878,650	-	4,878,650
Other	-	-	-	-	-	-	46,655	46,655
Total	$ 30,435,574	$ 7,015,712	$ 15,810,121	$ 1,038,756	$ 120,401	$ 4,878,650	$ 46,655	$ 59,345,869

WEST VIRGINIA SCHOOL OF OSTEOPATHIC MEDICINE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
JUNE 30, 2026

Last 10 Fiscal Years*

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
WVSOM's proportion of the net OPEB liability (asset) (percentage)	0.189633590%	0.050255136%	0.243025932%	0.259485030%	0.289032187%	0.278656463%	0.281253727%	0.263280098%	0.238788192%	
WVSOM's proportionate share of the net OPEB liability (asset)	$ 178,832	$ (20,924)	$ (384,586)	$ 288,804	$ (85,943)	$ 1,230,803	$ 4,666,372	$ 5,652,797	$ 5,871,776	
State's proportionate share of the net OPEB liability (asset)	141,879	(65,720)	(164,155)	98,932	(16,922)	272,148	954,948	1,168,282	1,206,069	
Total proportionate share of the net OPEB liability (asset)	$ 320,711	$ (86,644)	$ (548,741)	$ 387,736	$ (102,865)	$ 1,502,951	$ 5,621,320	$ 6,821,079	$ 7,077,845	
WVSOM's covered-employee payroll	$ 25,627,934	$ 23,532,630	$ 22,313,017	$ 26,210,600	$ 20,473,363	$ 20,100,996	$ 19,049,066	$ 18,131,416	$ 17,906,099	
WVSOM's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.70%	0.09%	1.72%	-1.10%	0.42%	6.12%	24.50%	31.18%	32.79%	
Plan fiduciary net position as a percentage of the total OPEB liability	95.76%	102.19%	109.66%	93.59%	101.81%	73.49%	39.69%	30.98%	25.10%	

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year (measurement date).
This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, WVSOM should present information for those years for which information is available.

WEST VIRGINIA SCHOOL OF OSTEOPATHIC MEDICINE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
JUNE 30, 2026

Last 10 Fiscal Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution	$ 74,388	$ 21,327	$ 19,877	$ 243,859	$ 305,235	$ 527,074	$ 538,872	$ 579,462	$ 540,335	
Contributions in relation to the statutorily required contribution	(74,388)	(21,327)	(19,877)	(243,859)	(305,235)	(527,074)	(538,872)	(579,462)	(540,335)	
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
WVSOM's covered-employee payroll	$ 27,060,115	$ 25,627,934	$ 23,532,630	$ 22,313,017	$ 26,210,600	$ 20,473,363	$ 20,100,996	$ 19,049,066	$ 18,131,416	
Contributions as a percentage of covered-employee payroll	0.27%	0.08%	0.08%	1.09%	1.16%	2.57%	2.68%	3.04%	2.98%	

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, WVSOM should present information for those years for which information is available.

WEST VIRGINIA SCHOOL OF OSTEOPATHIC MEDICINE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2026 AND 2025

Actuarial Changes Other Postemployment Benefits Plan

The actuarial assumptions used in the total OPEB liability (asset) calculation can change from year to year. Please see table below which summarizes the actuarial assumptions used for the respective measurement dates.

	Inflation Rate	Salary Increases	Wage Inflation Rate	Investment Rate of Return & Discount Rate	Mortality	Retirement Age	Aging Factors	Expenses	Healthcare Cost Trend Rates
2025	2.50%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	7.40%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rates for pre-Medicare and Medicare per capita costs of 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.5% is reached in plan year end 2034.
2024	2.50%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	7.40%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rates for pre-Medicare and Medicare per capita costs of 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.5% is reached in plan year end 2033.
2023	2.50%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	7.40%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare and Medicare per capita costs of 7.0% medical and 8.0% drug. The trends increase over four year to 9.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year end 2032.
2022	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by 0.50% for two years then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.
2021	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2020, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.

WEST VIRGINIA SCHOOL OF OSTEOPATHIC MEDICINE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2026 AND 2025

	Inflation Rate	Salary Increases	Wage Inflation Rate	Investment Rate of Return & Discount Rate	Mortality	Retirement Age	Aging Factors	Expenses	Healthcare Cost Trend Rates
2020	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2022, 6.5% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
2019	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.
2018	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.0% and 10.0% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.
2017	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.

Suttle & Stalnaker Certified Public Accountants
A Professional Limited Liability Company

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Governors
West Virginia School of Osteopathic Medicine
Lewisburg, West Virginia

We have audited, in accordance with the 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, the financial statements of the business-type activities and discretely presented component unit of the West Virginia School of Osteopathic Medicine (WVSOM), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise WVSOM's basic financial statements, and have issued our report thereon dated October 7, 2026. Our report includes a reference to another auditor who audited the financial statements of the West Virginia School of Osteopathic Medicine Foundation, Inc. (the Foundation), as described in our report on WVSOM's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by that auditor. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered WVSOM'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 WVSOM's internal control. Accordingly, we do not express an opinion on the effectiveness of WVSOM'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 entity'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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether WVSOM'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
October 7, 2026