

# **Philadelphia College of Osteopathic Medicine Foundation and Related Entities**

## **Consolidated Financial Statements** Years Ended June 30, 2024 and 2023

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



**Philadelphia College of Osteopathic Medicine Foundation  
and Related Entities**

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**Consolidated Financial Statements**  
Years Ended June 30, 2024 and 2023

# **Philadelphia College of Osteopathic Medicine Foundation and Related Entities**

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## **Independent Auditor's Report**

Board of Trustees  
Philadelphia College of Osteopathic Medicine Foundation and Related Entities  
Philadelphia, Pennsylvania

### ***Opinion***

We have audited the consolidated financial statements of Philadelphia College of Osteopathic Medicine Foundation and Related Entities (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.



### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization'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 [consolidated] financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

*BDO USA, P.C.*

November 12, 2024

## **Consolidated Financial Statements**

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# Philadelphia College of Osteopathic Medicine Foundation and Related Entities

## Consolidated Statements of Financial Position

<i>June 30,</i>	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 17,499,791	\$ 19,546,391
Accounts receivable - net of allowance for doubtful accounts of \$2,121,326 and \$1,785,340 at June 30, 2024 and 2023, respectively	22,206,836	19,465,022
Prepaid expenses and other assets	4,408,434	5,734,260
Pledges receivable, net	1,494,100	749,221
Student loans receivable	7,519,884	9,248,179
Investments	619,917,809	574,995,187
Property and equipment, net	119,660,059	122,078,012
<b>Total assets</b>	<b>\$ 792,706,913</b>	<b>\$ 751,816,272</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Current portion of long-term debt	\$ 1,000,000	\$ 950,000
Accounts payable	6,564,223	4,295,921
Accrued expenses	21,642,830	21,919,647
Accrued malpractice costs	8,910,069	9,807,409
Deferred revenue	28,743,651	28,372,143
Long-term debt, net of current portion	42,759,954	43,889,619
Federal student loan advances	8,876,547	10,352,360
<b>Total liabilities</b>	<b>118,497,274</b>	<b>119,587,099</b>
<b>Net assets</b>		
Without donor restrictions	627,098,864	588,605,244
With donor restrictions	47,110,775	43,623,929
<b>Total net assets</b>	<b>674,209,639</b>	<b>632,229,173</b>
<b>Total liabilities and net assets</b>	<b>\$ 792,706,913</b>	<b>\$ 751,816,272</b>

*See accompanying notes to consolidated financial statements.*

# Philadelphia College of Osteopathic Medicine Foundation and Related Entities

## Consolidated Statement of Activities

<i>Year ended June 30, 2024</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenue and Gains</b>			
Tuition revenue, net	\$ 143,247,577	\$ -	\$ 143,247,577
Patient service revenue, net	4,462,037	-	4,462,037
Graduate medical education	12,845,829	-	12,845,829
Contributions of cash and other financial assets	292,883	-	292,883
Grant income	7,360,478	-	7,360,478
Rental income	4,465,344	-	4,465,344
Other income	1,303,176	-	1,303,176
Net investment income (interest and dividends)	11,342,833	-	11,342,833
Total operating revenue and gains	185,320,157	-	185,320,157
Net assets released from restrictions	2,316,030	(2,316,030)	-
Total revenue, gains, and other support	187,636,187	(2,316,030)	185,320,157
<b>Operating Expenses</b>			
Salaries and wages	87,347,525	-	87,347,525
Benefits	27,934,969	-	27,934,969
Legal, accounting, and other professional fees	8,258,787	-	8,258,787
Utilities	2,395,098	-	2,395,098
Purchased services	22,106,027	-	22,106,027
Supplies	9,887,860	-	9,887,860
Insurance and underwriting	2,255,747	-	2,255,747
Interest	1,668,697	-	1,668,697
Depreciation and amortization	11,372,947	-	11,372,947
Miscellaneous	12,421,083	-	12,421,083
Total operating expenses	185,648,740	-	185,648,740
Change in net assets from operating activities	1,987,447	(2,316,030)	(328,583)
<b>Nonoperating Activities</b>			
Contributions of cash and other financial assets	1,290,989	2,716,221	4,007,210
Net investment income (interest and dividends)	-	568,649	568,649
Net realized and unrealized gain on investments	35,215,184	2,518,006	37,733,190
Change in net assets from nonoperating activities	36,506,173	5,802,876	42,309,049
Change in Net Assets	38,493,620	3,486,846	41,980,466
Net assets - beginning of year	588,605,244	43,623,929	632,229,173
Net assets - end of year	\$ 627,098,864	\$ 47,110,775	\$ 674,209,639

*See accompanying notes to consolidated financial statements.*



# Philadelphia College of Osteopathic Medicine Foundation and Related Entities

## Consolidated Statement of Activities

<i>Year ended June 30, 2023</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenue and Gains</b>			
Tuition revenue, net	\$ 135,534,251	\$ -	\$ 135,534,251
Patient service revenue, net	4,033,653	-	4,033,653
Graduate medical education	11,535,601	-	11,535,601
Contributions of cash and other financial assets	346,906	-	346,906
Grant income	7,872,282	-	7,872,282
Rental income	3,364,999	-	3,364,999
Other income	1,615,576	-	1,615,576
Net investment income (interest and dividends)	7,928,756	-	7,928,756
Total operating revenue and gains	172,232,024	-	172,232,024
Net assets released from restrictions	3,025,247	(3,025,247)	-
Total revenue, gains, and other support	175,257,271	(3,025,247)	172,232,024
<b>Operating Expenses</b>			
Salaries and wages	83,031,137	-	83,031,137
Benefits	26,528,290	-	26,528,290
Legal, accounting, and other professional fees	7,376,789	-	7,376,789
Utilities	2,413,727	-	2,413,727
Purchased services	20,204,362	-	20,204,362
Supplies	9,855,018	-	9,855,018
Insurance and underwriting	3,396,324	-	3,396,324
Interest	1,740,119	-	1,740,119
Depreciation and amortization	11,448,040	-	11,448,040
Miscellaneous	14,293,914	-	14,293,914
Total operating expenses	180,287,720	-	180,287,720
Change in net assets from operating activities	(5,030,449)	(3,025,247)	(8,055,696)
<b>Nonoperating Activities</b>			
Contributions of cash and other financial assets	47,450	2,336,167	2,383,617
Net investment income (interest and dividends)	-	410,144	410,144
Net realized and unrealized gain on investments	19,482,268	1,545,001	21,027,269
Change in net assets from nonoperating activities	19,529,718	4,291,312	23,821,030
Change in Net Assets	14,499,269	1,266,065	15,765,334
Net assets - beginning of year	574,105,975	42,357,864	616,463,839
Net assets - end of year	\$ 588,605,244	\$ 43,623,929	\$ 632,229,173

*See accompanying notes to consolidated financial statements.*

# Philadelphia College of Osteopathic Medicine Foundation and Related Entities

## Consolidated Statements of Cash Flows

Years ended June 30,	2024	2023
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 41,980,466	\$ 15,765,334
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	11,372,947	11,448,040
Discount on pledges	102,694	(4,903)
Amortization of bond premium	(129,665)	(151,279)
Provision for bad debts	247,781	345,224
Net realized and unrealized gains on investments	(37,733,190)	(21,027,269)
Donations with long-term donor imposed restrictions	(2,716,221)	(2,336,167)
Changes in operating assets and liabilities:		
Accounts receivable	(2,847,634)	(4,284,476)
Pledges receivable	(989,534)	(44,324)
Prepaid expenses and other assets	1,325,826	(1,228,843)
Accounts payable	2,286,147	(201,435)
Accrued expenses	(276,817)	2,297,284
Accrued malpractice costs	(897,340)	904,109
Operating lease liabilities	-	(45,855)
Deferred revenue	371,508	3,444,738
<b>Net cash provided by operating activities</b>	<b>12,096,968</b>	<b>4,880,178</b>
<b>Cash flows from investing activities:</b>		
Purchase of capitalized property and equipment	(8,972,839)	(4,744,028)
Repayments - federally sponsored student loan program	2,071,495	1,588,021
Loans originated - federally sponsored student loan program	(343,200)	(1,069,677)
Purchase of investments	(292,329,459)	(378,914,542)
Proceeds from sales of investments	285,140,027	363,197,796
<b>Net cash used in investing activities</b>	<b>(14,433,976)</b>	<b>(19,942,430)</b>
<b>Cash flows from financing activities:</b>		
Donations with long-term donor imposed restrictions	2,716,221	2,336,167
Payment of bond principal	(950,000)	(910,000)
Change in revolving federal student loan funds available	(1,475,813)	(558,525)
<b>Net cash provided by financing activities</b>	<b>290,408</b>	<b>867,642</b>
<b>Net change in cash and cash equivalents</b>	<b>(2,046,600)</b>	<b>(14,194,610)</b>
<b>Cash and cash equivalents:</b>		
Beginning of year	19,546,391	33,741,001
End of year	\$ 17,499,791	\$ 19,546,391
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ 1,825,561	\$ 1,871,914
Purchase of property and equipment through accounts payable	\$ 1,147,643	\$ 1,165,488

See accompanying notes to consolidated financial statements.

# Philadelphia College of Osteopathic Medicine Foundation and Related Entities

## Notes to Consolidated Financial Statements

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### 1. Description of the Organization

The Philadelphia College of Osteopathic Medicine Foundation (“PCOMF”) is a not-for-profit Pennsylvania organization that controls the Philadelphia College of Osteopathic Medicine (the “College”) and its wholly owned subsidiary, American Osteopathic Insurance Co. LTD. (“AOIC”), a captive offshore insurance company. PCOMF is also the sole member of PCOM Foundation Investments, LLC (“LLC”) and PCOM Foundation Investments, LLC II (“LLC II”). The College is the sole member of Overmont Corporation (“Overmont”). PCOMF and its related entities are collectively referred to as the “Organization.”

#### *Philadelphia College of Osteopathic Medicine Foundation*

PCOMF holds the investments and performs fundraising and investment management activities for the sole benefit of the Organization and serves as a holding company for the other entities comprising the Organization.

#### *Philadelphia College of Osteopathic Medicine*

The College's main campus is located in Philadelphia, Pennsylvania (“Philadelphia Campus”). The College also operates campuses in Suwanee, Georgia (“Georgia Campus”) and in Moultrie, Georgia (“South Georgia Campus”).

The College provides programs of classroom and clinical instruction and training in the art, science, and practice of osteopathic medicine in accordance with the osteopathic concepts of causes of disease, diagnosis, prevention, and treatment. The Philadelphia Campus also offers graduate programs in biomedical science, physician assistant, forensic medicine, organizational development and leadership and psychology. The Georgia Campus offers graduate programs in biomedical science, pharmacy, physical therapy, physician assistant, and organizational development and leadership. The South Georgia Campus offers the doctor of osteopathic medicine degree and a graduate program in biomedical science. The major osteopathic programs that the College currently provides are:

Instruction - Basic Science - The College provides the basic science education to predoctoral students.

Clinical Education - The College provides the clinical training of predoctoral students, as well as postdoctoral training through internship and residency programs.

Grants and Research - The College participates in grant programs that are funded by private and federal grants. Grants are awarded for specific projects normally completed in less than four years.

Practice Care Network - The College operates certain professional practices, including internal medicine, osteopathic manipulative medicine, geriatrics, and family practice. In addition, the College operates four community healthcare centers providing services to lower-income and indigent-care patients.

# Philadelphia College of Osteopathic Medicine Foundation and Related Entities

## Notes to Consolidated Financial Statements

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### *American Osteopathic Insurance Co. LTD.*

AOIC is a captive offshore insurance company. AOIC was incorporated as an exempted company under the Companies Law of the Cayman Islands on June 8, 1998. The principal activity of AOIC is to provide insurance to the Organization and its physicians.

### *Overmont Corporation*

Overmont's primary asset is a building that is used for student housing for the College's Philadelphia Campus.

### *PCOM Foundation Investments, LLC*

LLC was created in April 2015 to allow the Organization to invest directly in early-stage companies.

### *PCOM Foundation Investments, LLC II*

LLC II was created in May 2021 to allow the Organization to invest directly in early-stage and later-stage companies.

## **2. Summary of Significant Accounting Policies**

### *Basis of Presentation and Consolidation*

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") for not-for-profit organizations. Those principles require that net assets and revenue, gains, and losses be classified as without donor restrictions and with donor restrictions based on the existence or absence of donor-imposed restrictions as follows:

Without Donor Restrictions - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of trustees or may otherwise be limited by contractual agreements with outside parties.

With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity (endowment funds). Donor-imposed restrictions are released when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

# Philadelphia College of Osteopathic Medicine Foundation and Related Entities

## Notes to Consolidated Financial Statements

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Some net assets with donor restrictions include a stipulation that assets provided be maintained in perpetuity while permitting the Organization to spend the accumulated earnings generated by these assets in accordance with the provisions of additional imposed stipulations or a Board-approved spending policy.

The consolidated financial statements for the years ended June 30, 2024 and 2023 include the activities and balances of the College, AOIC, LLC, LLC II and Overmont which are wholly owned subsidiaries of PCOMF. All significant transactions and balances between related entities have been eliminated in consolidation.

### ***Cash and Cash Equivalents***

Cash and cash equivalents include investments in highly liquid debt instruments with original maturities of 90 days or less, excluding amounts whose use is limited, and amounts held for long-term investment.

Cash and cash equivalents are on deposit with various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

### ***Accounts Receivable***

Accounts receivable primarily consists of amounts due from students and do not bear interest. The allowance for doubtful accounts related to student accounts receivable is the Organization's best estimate of the amount of probable credit losses in the University's existing accounts receivable. The University determines the allowance based on the composition of the receivable balances, historical collections, and loss experience. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Patient accounts receivable includes allowance for credit losses of \$319,543 and \$60,041 at June 30, 2024 and 2023, respectively. The allowance for doubtful accounts is estimated based on the Organization's belief that a patient has the ability to pay for services, but payment is not expected to be received. Patient accounts receivable is written off against the allowance for doubtful accounts when management determines that recovery is unlikely, and the Organization ceases collection efforts. Overall, the total self-pay write-offs have not changed significantly for the year ended June 30, 2024. The Organization has not experienced significant changes in write-off trends. During the years ended June 30, 2024 and 2023, write-offs, recoveries, and provisions for credit losses were immaterial to the consolidated financial statements.

### ***Student Loans Receivable***

Student loans, which are disbursed based on financial need, consist of loans granted by the College under federal government loan programs. Upon the earlier of graduation or no longer achieving full-time student status, the students have a grace period, which varies by loan type, until repayment of loans is required. At the expiration of the grace period, student loans begin accruing interest. At June 30, 2024 and 2023, student loans represented 0.95% and 1.23%, respectively, of total assets.

# Philadelphia College of Osteopathic Medicine Foundation and Related Entities

## Notes to Consolidated Financial Statements

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The availability of funds for loans under federal government revolving loan programs is dependent on reimbursements to the pool from repayments on outstanding loans. Interest and fees collected are included in the revolving loan funds available to students. Federal loan funds are ultimately refundable to the government and are classified as liabilities in the consolidated statements of financial position. Outstanding loans canceled under the program result in a reduction of the funds available for loan and a decrease in the liability to the government. Institutional loan balances are written off only when they are deemed to be permanently uncollectible. Amounts due under the federal loan programs are guaranteed by the government and, therefore, no reserves are placed on any past-due balances under the program.

### ***Investments***

Investments comprise the assets of the Organization's endowment, certain other funds with donor restrictions, funds designated by the Board of Trustees to be invested as endowments, other plant-related funds, and other unrestricted funds held for operating purposes. The Organization records investments in marketable securities at their fair value (Note 15). Investment sales and purchases are recorded on a trade-date basis.

For investments measured at net asset value ("NAV") and cost and equity method investments, see Note 15 for more information.

### ***Property and Equipment***

Property and equipment are recorded at cost, or if donated, at fair value at the date of receipt. Depreciation is recorded over the estimated useful life of each class of depreciable assets using the straight-line method.

The estimated useful life of each class of assets is as follows:

Land improvements	3 - 20 years
Buildings and building improvements	5 - 40 years
Furniture, fixtures, and equipment	5 - 20 years
Patents	20 years

Maintenance and repairs are recorded as expenses when incurred. When property and equipment are sold or otherwise disposed, the asset account and related accumulated depreciation is relieved, and any gain or loss is reported as a nonoperating activity in the consolidated statements of activities.

# Philadelphia College of Osteopathic Medicine Foundation and Related Entities

## Notes to Consolidated Financial Statements

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### ***Government Advances***

The Organization receives funding or reimbursement from governmental agencies for various activities, including student loans, research, and training. In general, funding received from governmental agencies is recognized as revenue when the funds are used for their intended purpose. Amounts received from governmental agencies that have been advanced to students in the form of loans are shown as federal student loan advances in the consolidated statements of financial position.

### ***Revenue Recognition***

#### **Revenue from Contracts with Customers**

Revenue is measured based on consideration specified in a contract with a customer. The Organization recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

The Organization's principal activities resulting in contracts with customers include academic services consisting of tuition and fees, patient services, graduate medical education services and other education-related activities. The Organization has measured revenue for tuition and fees, patient service revenue, and graduate medical education using the portfolio of contracts practical expedient, having determined that measuring revenue for the individual contracts within each portfolio would not differ materially.

**Tuition and Fees** - The performance obligation related to tuition and fees is the delivery of education services. Tuition and fees are billed and recorded as revenue during the year that the related academic services are rendered. Tuition and fee revenue is billed at published rates established by the Board of Trustees on an annual basis. Payments are due approximately two weeks before each term. Tuition and fees received in advance of services to be rendered are categorized as deferred revenue and reported as a liability in the consolidated statements of financial position.

Institutional aid provided by the College as a discount to tuition and fees (scholarship expense) is reflected as a reduction of tuition and fee revenue.

**Deferred Revenue** - Deferred revenue related to tuition and fees represents payments received prior to the start of the academic term. Substantially all of the deferred revenue balance as of June 30, 2023 related to contracts with students of \$28,372,143 was recognized into revenue during the year ended June 30, 2024. The balance of deferred revenue of \$28,743,651 at June 30, 2024 less any refunds issued, will be recognized as revenue over the subsequent academic term as services are rendered.

**Patient Service Revenue** - Patient service revenue is reported at the estimated net realizable amounts due from patients and/or third-party payers for services rendered. Payment arrangements are primarily based on prospectively determined fee-for-services rates.

# Philadelphia College of Osteopathic Medicine Foundation and Related Entities

## Notes to Consolidated Financial Statements

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Graduate Medical Education - The Organization provides graduate medical education to residents on a continual basis, as those residents receive training at various hospital affiliates throughout the year. Costs of training are incurred monthly through salaries, benefits, malpractice insurance and other administrative expenses. Hospital affiliates are billed monthly and revenue is recognized in the month the medical education is provided.

Charity Care and Community Service - The Organization provides care to insured as well as self-pay patients. PCOM does not receive compensation for patients the Organization determines may not have the ability to pay for services due to indigent status or whose financial condition is such that requiring payment would impose a hardship on the patient.

### Revenue from Donations and Grants

Unconditional donations and grants, including unconditional promises to give, are recognized as revenue in the period received.

A donation or grant is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promiser's obligation to transfer assets. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until they become unconditional, that is, when the barrier(s) in the agreement are overcome.

Unconditional contributions, gifts, and grants with no purpose or time restrictions are reported as revenue without donor restrictions.

Unconditional contributions, gifts and grants with donor-imposed restrictions that limit the use of the asset are reported as revenue with donor restrictions and are reclassified to net assets without donor restrictions when an expense is incurred that satisfies the donor-imposed restriction. However, for unconditional donor-restricted contributions or grants that were initially conditional, if donor-imposed restrictions are met in the same year that they become unconditional, the revenue is reported as revenue without donor restrictions on the consolidated statements of activities.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. The rates used to discount the pledges receivable were between 6.03% and 3.29% at June 30, 2024 and 2023, respectively. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Pledges receivable are recorded at estimated fair value on the date the donor's unconditional promise to contribute is made using the present value of future cash flows. Contributions receivable are not measured at fair value subsequent to the initial measurement because the discount rate selected for each pledges receivable remains constant over time.

### Allowances for Doubtful Accounts and Pledges Receivable

The allowance for doubtful accounts is based upon management's judgment, including such factors as prior collection history and type of receivable. The Organization writes off receivables when they are determined to be uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts.



# Philadelphia College of Osteopathic Medicine Foundation and Related Entities

## Notes to Consolidated Financial Statements

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An allowance for uncollectible pledges receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of the fundraising activity.

### ***Expenses***

#### **Advertising**

The Organization charges the costs of advertising to expense as incurred. Advertising expense was \$2,773,636 and \$1,308,836 for the years ended June 30, 2024 and 2023, respectively, and is included in Institutional Support in Note 18.

#### **Fundraising**

The Organization charges the costs of fundraising to expense as incurred. Fundraising expense was \$4,109,247 and \$3,390,617 for the years ended June 30, 2024 and 2023, respectively, and is included in Institutional Support in Note 18.

### ***Nonoperating Activities***

The Organization considers all donor restricted contributions, including endowment gifts and bequests, to be nonoperating and realized and unrealized gains and losses on investments as nonoperating activities. Other income not related to operations are considered nonoperating.

### ***Income Taxes***

PCOMF, the College and Overmont are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code. AOIC is located in the Cayman Islands, where income taxes are not levied on income or gains. LLC is a disregarded entity for income tax purposes. The Organization files U.S. federal, state, and local information returns, and no returns are currently under examination. The statute of limitations on the Organization's U.S. federal information returns remains open for three years following the year they are filed.

U.S. GAAP requires that a tax position be recognized or derecognized based on a more-likely than-not threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its consolidated financial statements include any material uncertain tax positions.

### ***Estimated Malpractice, Workers' Compensation Costs, and Self-Insurance***

The provision for estimated medical malpractice, workers' compensation, and employee health insurance includes estimates of the ultimate costs for loss adjustment expense, reported claims, and claims incurred but not reported.

# Philadelphia College of Osteopathic Medicine Foundation and Related Entities

## Notes to Consolidated Financial Statements

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### *Allocation of Expenses*

The costs of program and supporting service activities have been summarized on a functional basis in Note 19. The expenses are presented by natural classification detail by program activities and supporting services. Certain categories of expenses are attributed to more than one program or supporting function; therefore, expenses are allocated on a reasonable basis that is consistently applied, such as time and effort. Expenses that can be identified with a specific program or supporting service are recorded directly.

### *Use of Estimates*

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### *Recent Accounting Pronouncements*

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments - Credit Losses* ("ASU 2016-13"). ASU 2016-13 was issued to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by an entity. The ASU changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model. Entities will be required to estimate credit losses over the entire contractual term of an instrument. The ASU includes financial assets recorded at amortized cost basis such as loan receivables, trade and certain other receivables as well as certain off-balance sheet credit exposures such as loan commitments and financial guarantees. The ASU does not apply to financial assets measured at fair value, promises to give (pledges receivable) and loans and receivables between entities under common control. Subsequently, the FASB issued ASU 2018-19, ASU 2019-04, ASU 2019-05 and 2019-10 and 2019-11 to clarify and improve ASU 2016-13. The ASU is effective for fiscal years beginning after December 15, 2022 for all nonprofit entities. The adoption of this standard did not have a material impact on the consolidated financial statements.

## **3. Liquidity Management and Availability of Resources**

The Organization's liquidity management practices are designed to ensure financial assets and liquidity resources are available as general expenditures, liabilities, and other obligations come due. Operating liquidity is managed in accordance with investment policies that are intended to optimize income earned on available funds within the constraints of risk tolerance and time horizon.

# Philadelphia College of Osteopathic Medicine Foundation and Related Entities

## Notes to Consolidated Financial Statements

General expenditures include operating expenses, principal and interest payments on debt, and internally funded capital projects. The Organization's financial resources available to meet cash needs for general expenditures within one year of the date of the consolidated statements of financial position were as follows:

<i>June 30,</i>	<b>2024</b>	<b>2023</b>
Cash and cash equivalents	\$ 17,499,791	\$ 19,546,391
Accounts receivable	22,206,836	19,465,022
Pledges receivable	1,494,100	749,221
Investments	619,917,809	574,995,187
Total financial assets	661,118,536	614,755,821
Less:		
Cash and investments subject to donor restrictions	(45,744,103)	(42,971,018)
Pledges receivable not available within one year	(376,733)	(149,147)
Board designated endowment, net of appropriation for subsequent year	(38,850,924)	(37,524,983)
Designated for specific purposes	(11,740,180)	(21,412,741)
Total financial resources available within one year	\$564,406,596	\$ 512,697,932

Total financial assets above do not include student loans receivable or assets whose use is limited because they cannot be used for general expenditure. In addition, the Organization had an unused \$100,000,000 line of credit available at June 30, 2024 and 2023 (Note 8).

### 4. Student Loans Receivable

At June 30, 2024 and 2023, funds advanced by the federal government totaled \$1,098,735 and \$2,563,137, respectively. At June 30, 2024 and 2023, interest and fees collected (net of write-offs) totaled \$8,275,479 and \$8,362,385, respectively.

The aging of student loans receivable, including amounts past due under the student loan programs at June 30, 2024 and 2023, is as follows:

	Current	< 60 Days Past Due	60-89 Days Past Due	>= 90 Days Past Due	Total
June 30, 2024	\$5,816,827	\$141,122	\$ -	\$1,561,935	\$7,519,884
June 30, 2023	8,063,021	-	-	1,185,158	9,248,179

# Philadelphia College of Osteopathic Medicine Foundation and Related Entities

## Notes to Consolidated Financial Statements

### 5. Pledges Receivable

Unconditional promises to give are included in the consolidated financial statements as pledges receivable and revenue in net assets with donor restrictions when the pledge is made.

Pledges receivable at June 30 are expected to be realized in the following periods:

<i>June 30,</i>	<b>2024</b>	<b>2023</b>
In one year or less	\$ 1,388,277	\$ 729,023
Between one year and five years	526,583	196,304
Total pledges receivable	1,914,860	925,327
Less:		
Present value discount	(149,850)	(47,157)
Allowance for doubtful accounts	(270,910)	(128,949)
Pledges receivable, net	\$ 1,494,100	\$ 749,221

### 6. Endowments

The Organization's endowment fund consists of donor-restricted endowment funds and funds designated by the Board for long-term investment. These funds include a portfolio of actively managed funds established to provide a source of operating funds, scholarships and awards, academic leadership funds, and master facility plan funds.

#### *Interpretation of Relevant Law*

The Board of Trustees of the Organization has interpreted Commonwealth of Pennsylvania law as requiring donor-restricted endowments, absent explicit donor stipulations to the contrary, to be managed with the long-term objective of at least maintaining the real value (after inflation) of the funds. Unless otherwise stated in the gift instruments, the assets in an endowment fund are donor-restricted until appropriated for expenditure by the Board in a manner consistent with the standard of prudence described in relevant law.

Pennsylvania law permits the Board of Trustees to make an election to annually appropriate for expenditure a selected percentage between 2% and 7% of the fair value of assets related to donor-restricted endowment funds averaged over a period of three or more preceding years, provided the Board has determined that such percentage is consistent with the long-term preservation of the real value of such assets.

# Philadelphia College of Osteopathic Medicine Foundation and Related Entities

## Notes to Consolidated Financial Statements

### *Endowment Investment Policy*

The Organization has adopted an investment policy that is intended to provide a predictable stream of funding to programs from its endowment while seeking to maintain the purchasing power of the endowment assets. Under this approach, as approved by the Investment Committee of the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that equal the total of the amount drawn annually for operations plus the rate of inflation and investment management fees. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount.

### *Strategies Employed for Achieving Objectives*

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization outsources the management of the investment portfolio to consultants who assist the Investment Committee of the Board of Trustees with the implementation of the investment strategy. The rationale for including alternative strategy managers for the Organization's portfolio is to reduce overall volatility while providing equity like returns. Alternative asset classes have historically demonstrated lower volatility on a stand-alone basis compared to traditional asset classes. Additionally, they have had low correlations thus providing diversification benefits at the total fund level.

Endowment net asset composition by type of fund as of June 30, 2024 and 2023 is as follows:

<i>June 30, 2024</i>	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 38,756,884	\$ 38,756,884
Board-designated endowment funds (scholarships)	45,158,736	-	45,158,736
<b>Total</b>	<b>\$ 45,158,736</b>	<b>\$ 38,756,884</b>	<b>\$ 83,915,620</b>

  

<i>June 30, 2023</i>	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 35,439,879	\$ 35,439,879
Board-designated endowment funds (scholarships)	43,591,742	-	43,591,742
<b>Total</b>	<b>\$ 43,591,742</b>	<b>\$ 35,439,879</b>	<b>\$ 79,031,621</b>

The donor-restricted corpus balance of the Organization's endowment funds was \$23,947,582 and \$22,506,403 for the years ended June 30, 2024 and 2023, respectively.

# Philadelphia College of Osteopathic Medicine Foundation and Related Entities

## Notes to Consolidated Financial Statements

Changes in endowment net assets for the years ended June 30, 2024 and 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - June 30, 2022	\$ 43,480,679	\$ 33,664,701	\$ 77,145,380
Net investment return	6,522,137	2,143,968	8,666,105
Contributions	-	1,025,072	1,025,072
Appropriation of endowment assets for operations (draw)	(6,411,074)	(1,393,862)	(7,804,936)
Endowment net assets - June 30, 2023	43,591,742	35,439,879	79,031,621
Net investment return	8,430,920	3,298,604	11,729,524
Contributions	-	1,441,179	1,441,179
Appropriation of endowment assets for operations (draw)	(6,863,926)	(1,422,778)	(8,286,704)
Endowment net assets - June 30, 2024	\$ 45,158,736	\$ 38,756,884	\$ 83,915,620

### ***Endowment Spending Policy***

For the years ended June 30, 2024 and 2023, the Organization's Board of Trustees has applied an endowment spending rule for donor-restricted funds that limit the spending of endowment resources to 5% of the average fair value of endowment funds for the prior five calendar years. To the extent that current yield is inadequate to meet the spending rule, a portion of cumulative realized net gains is available for current use. Donor-restricted endowment spending was \$1,422,778 and \$1,393,862 for the years ended June 30, 2024 and 2023, respectively. These endowment funds include scholarship funds, awards funds, academic leadership funds, and master facility funds. The Organization also appropriates for expenditure from the board-designated endowment funding for institutional scholarships, which totaled \$6,863,926 and \$6,411,074 for the years ended June 30, 2024 and 2023, respectively.

### ***Underwater Endowment Funds***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires to retain as a fund of perpetual duration. Deficiencies of this nature exist in one current and five prior year donor-restricted endowment funds, which together have an original gift value of \$176,218 and \$815,588, a current fair value of \$175,250 and \$778,130 and a deficiency of \$968 and \$37,458 as of June 30, 2024 and 2023, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred during the fiscal year and continued appropriation for certain expenditures related to the funds' purpose.

# Philadelphia College of Osteopathic Medicine Foundation and Related Entities

## Notes to Consolidated Financial Statements

### 7. Property and Equipment

The following is a summary of property and equipment at cost, net of accumulated depreciation:

<i>June 30,</i>	<b>2024</b>	<b>2023</b>
Land and land improvements	\$ 22,779,037	\$ 22,148,005
Buildings and building improvements	159,745,833	157,892,238
Furniture, fixtures, and equipment	151,474,573	143,411,848
Patents	26,160	26,160
Total depreciable property and equipment	334,025,603	323,478,251
Less accumulated depreciation	(217,436,202)	(206,136,125)
Total depreciable property and equipment, net	116,589,401	117,342,126
Construction in progress	3,070,658	4,735,886
Total property and equipment	\$ 119,660,059	\$ 122,078,012

Depreciation and amortization expense on property and equipment was \$11,372,947 and \$11,448,040 for the years ended June 30, 2024 and 2023, respectively.

### 8. Line of Credit and Letters of Credit

At June 30, 2024 and 2023, the College had a \$100,000,000 line of credit available through September 28, 2024 with an interest of adjusted SOFR plus 0.7%. There were no borrowings against the line of credit during 2024. There were borrowings of \$6,000,000 against the line of credit during 2023. The full \$6,000,000 was paid back prior to June 30, 2023. There are no amounts outstanding as of June 30, 2024 or 2023. There are no financial ratio covenants related to the Organization's line of credit. On September 27, 2024, the College renewed its letter of credit agreement for \$100,000,000. The new agreement expires on September 26, 2025.

AOIC had a \$7,202,299 letter of credit with an interest rate of 0.5% at June 30, 2024. AOIC had a \$6,002,299 letter of credit with an interest rate of 0.5% at June 30, 2023. This letter of credit has an automatic renewal and is due to expire on July 1, 2025. There were no borrowings against the letter of credit during 2024 or 2023 and no amounts outstanding as of June 30, 2024 or 2023.

### 9. Leases

#### *Lessee*

Rental expense related to short-term leases, which is reported under the miscellaneous expenses in the consolidated statements of activities, aggregated \$1,846,580 and \$2,352,077 for the years ended June 30, 2024 and 2023, respectively.

# Philadelphia College of Osteopathic Medicine Foundation and Related Entities

## Notes to Consolidated Financial Statements

### *Lessor*

The Organization leases, as lessor, physician offices and other facility space under leases expiring through October 2032. Minimum rental income under noncancelable operating leases is as follows as of June 30, 2024:

<i>Year ending June 30,</i>	<i>Total</i>
2025	\$ 714,512
2026	525,675
2027	461,372
2028	145,242
2029	116,870
Thereafter	317,941
Total	\$ 2,281,612

### **10. Long-term Debt**

On August 29, 2018, the Organization issued two 30-year bonds with total net proceeds of \$49,826,400. The bonds sold at a premium of \$2,566,400. The unamortized net bond premium totaled \$814,954 and \$944,619 at June 30, 2024 and 2023, respectively.

The \$24,380,000 of Revenue Bonds, Series 2018 were issued through the Philadelphia Authority for Industrial Development (the "PA Authority") with interest rates ranging from 3.0% to 5.0%. The interest rate at June 30, 2024 and 2023 was 5.0%. The proceeds were being used to fund a portion of the costs of a project consisting of: (i) the renovation of a building located at 4001 Monument Avenue, Philadelphia, Pennsylvania (Overmont) to be converted into a use for student housing; and (ii) the payment of certain costs and expenses incident to the issuance of the PA Bonds.

The \$22,880,000 of Revenue Bonds, Series 2018 were issued through the Moultrie-Colquitt County Development Authority (the "GA Authority") with interest ranging from 3.0% to 5.0%. The interest rate at June 30, 2024 and 2023 was 5.0%. The proceeds were being used to fund a portion of the costs of a project consisting of: (i) the construction and equipping of a new college location in Moultrie, Georgia; and (ii) the payment of certain costs and expenses incident to the issuance of the GA Bonds.

There are no financial ratio covenants related to the Organization's outstanding bonds payable.



# Philadelphia College of Osteopathic Medicine Foundation and Related Entities

## Notes to Consolidated Financial Statements

Principal payments for the next five years and thereafter are as follows as of June 30, 2024:

<i>Year ending June 30,</i>	<b>Overmont</b>	<b>Moultrie</b>	<b>Total</b>
2025	\$ 520,000	\$ 480,000	\$ 1,000,000
2026	550,000	505,000	1,055,000
2027	575,000	530,000	1,105,000
2028	605,000	555,000	1,160,000
2029	640,000	585,000	1,225,000
Thereafter	19,235,000	18,165,000	37,400,000
Total			42,945,000
Bond premium, net of amortization			814,954
Current portion of long-term debt			(1,000,000)
Long-term debt, net of current portion			\$ 42,759,954

## 11. Retirement Plan

### *Defined-Contribution Retirement Plan*

The Organization sponsors a defined-contribution pension plan through Teachers Insurance Annuity Association and the College Retirement Equity Fund and Lincoln Financial Group covering substantially all personnel. The total expense related to this plan was \$8,164,951 and \$8,029,759 the years ended June 30, 2024 and 2023, respectively, and is reported in benefits expense in the consolidated statements of activities.

## 12. Malpractice Insurance Coverage

The College is insured through AOIC, a wholly owned captive insurance company. The College is self-insured up to certain amounts, including excess coverage for professional liability losses. In addition, the Organization obtains \$500,000 (\$1,500,000 aggregate) coverage for its physicians from the Medical Care Availability and Reduction of Error ("MCARE") Fund and also purchases excess coverage from unaffiliated commercial insurers.

The MCARE Act was enacted by the Pennsylvania legislature in 2002. The MCARE Act created the MCARE Fund, which is the state-mandated funding mechanism for the payment of medical malpractice claims exceeding the primary layer of professional liability insurance carried by the College's physicians and other healthcare providers practicing in the state. The MCARE Fund is funded on a "pay-as-you-go basis." The MCARE Fund levies healthcare provider surcharges, calculated as a percentage of the premiums established by the Joint Underwriting Association (also, a Commonwealth of Pennsylvania agency) for basic coverage, to pay claims and administrative expenses on behalf of MCARE Fund participants. The MCARE Act legislation provides for the gradual phaseout of MCARE Fund coverage; however, this has been deferred by the Pennsylvania legislation and will be considered in the future.

# Philadelphia College of Osteopathic Medicine Foundation and Related Entities

## Notes to Consolidated Financial Statements

Self-insured malpractice liabilities include amounts for reported claims, which are retained by AOIC, and claims incurred but not reported, which are retained by the College. Liabilities for reported claims are discounted at 2% at June 30, 2024 and 2023, whereas liabilities for claims incurred but not reported are recorded on an undiscounted basis. At June 30, 2024 and 2023, the Organization recorded malpractice liabilities totaling \$8,910,069 and \$9,807,409, respectively.

At June 30, 2024 and 2023, there were no uncollected recoveries from MCARE Fund or unaffiliated commercial insurers.

### 13. Net Assets

A summary of the nature of restrictions on net assets with donor restrictions and board designations related to net assets without donor restrictions is as follows:

	2024	2023
Net assets - without donor restrictions:		
Designated for operations	\$ 477,145,937	\$ 446,258,333
Designated for Hassman Academic Center building	2,532,600	-
Designated for Rowland Hall building renovations	2,015,500	409,619
Designated for Georgia campus renovations	1,232,111	1,386,589
Designated for South Georgia campus renovations	784,788	-
Designated for system upgrades at all campuses	4,534,992	5,085,000
Designated for capital expenditures	6,120,918	3,293,830
Designated for specific purposes	11,740,180	11,228,261
Net investment in plant	75,900,105	77,238,393
Federal student loan programs	(194,431)	17,167
Scholarships and awards (board-designated endowments)	45,158,736	43,591,742
Other	127,428	96,310
Total net assets without donor restrictions	627,098,864	588,605,244
Net assets - with donor restrictions:		
Scholarships and awards	24,502,694	22,668,232
Academic leadership	6,004,795	5,985,023
Master facility plan	3,737,074	3,471,590
Operational support	11,499,541	10,846,173
Pledges receivable	1,366,671	652,911
Total net assets with donor restrictions	47,110,775	43,623,929
Total net assets	\$ 674,209,639	\$ 632,229,173

During fiscal years 2024 and 2023, the Organization released \$2,316,030 and \$3,025,407, respectively, of donor restricted net assets through the satisfaction of donor restrictions through expenditures or the passage of time.

# Philadelphia College of Osteopathic Medicine Foundation and Related Entities

## Notes to Consolidated Financial Statements

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### 14. Fair Value Measurements

Accounting Standards Codification (“ASC”) Topic 820, *Fair Value Measurements and Disclosures*, defines fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair value measurements. An asset’s fair value is defined as the price at which the asset could be exchanged in an orderly transaction between market participants at the date of the statement of financial position. A liability’s fair value is defined as the amount that would be paid to transfer the liability to a market participant, not the amount that would be paid to settle the liability with the creditor.

The Organization’s financial assets carried at fair value have been classified based upon the fair value hierarchy as defined by ASC Topic 820. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with significant unobservable inputs (Level 3). An asset’s or a liability’s classification is based on the lowest-level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3).

The levels of the fair value hierarchy are as follows:

Level 1 - Quoted or published prices (unadjusted) in active markets for identical assets and liabilities at the measurement date. Instruments categorized in Level 1 primarily consist of a broadly traded range of equity and debt securities.

Level 2 - Inputs other than quoted or published prices included within Level 1 that are either directly or indirectly observable for the asset or liability, including quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived from observable market data by correlation or other means.

Level 3 - Unobservable inputs for the asset or liability, including situations where there is little, if any, market activity for the asset or liability.

#### ***Assets Whose Use Is Limited***

These funds are held in money market funds and are considered Level 1 assets.

#### ***Fair Value of Investments***

Marketable investments are valued based on Level 1 inputs, where available, and Level 2 inputs in instances where there is not a market price available for identical assets or liabilities. The fair values of alternative investments represent the Organization’s ownership interests in the net asset value (“NAV”) as determined by the general partners of the respective partnerships as a practical expedient to fair value.

# Philadelphia College of Osteopathic Medicine Foundation and Related Entities

## Notes to Consolidated Financial Statements

The PCOMF holds a direct investment in Vybe, a company providing urgent care services in greater Philadelphia. The PCOMF's ownership interest was 32.6% and 30% at June 30, 2024 and 2023, respectively, and the investment is, therefore, carried on the equity method. In fiscal 2023, the PCOMF invested approximately \$5,600,000 in an entity which acquired Temple Health - Chestnut Hill Hospital. The PCOMF's ownership interest was 20% at June 30, 2024 and the investment is carried on the equity method. The PCOMF recognizes its proportionate share of income or loss for its equity method investments.

The Organization reports investments in venture capital entities at cost less impairment that is not considered to be temporary. Equity method and venture capital entity investments are evaluated for impairment on an annual basis.

### *Investments at NAV*

The Organization invests in a variety of alternative investments. Alternative investments are generally recorded at NAV, as a practical expedient of the underlying funds owned by the trust or fund, less its liabilities divided by the number of shares outstanding. Because such investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed.

Investments reported at NAV as a practical expedient to fair value, investments measured at cost and investments accounted for under the equity method of accounting are presented in the table to permit reconciliation to the consolidated statements of financial position.

The following tables set forth the Organization's investments that were accounted for at fair value as of June 30, 2024 and 2023, by level within the fair value hierarchy.

<i>June 30, 2024</i>	Level 1	Level 2	Level 3	NAV	Total
Money markets and cash equivalents	\$ 9,846,297	\$ -	\$ -		\$ 9,846,297
U.S. Treasury bills	61,852,570	-	-		61,852,570
Equities	7,963,896	-	-		7,963,896
Mutual funds - equities	12,169,095	-	-		12,169,095
Mutual funds - fixed income	210,574	-	-		210,574
Alternative investments at NAV:					
Multi-strategy hedge funds				134,666,888	134,666,888
Structured credit hedge funds				18,643,234	18,643,234
Real estate investment trust				61,721,709	61,721,709
Equity limited partnership				296,577,665	296,577,665
Investments, at fair value	\$ 92,042,432	\$ -	\$ -	\$511,609,496	\$603,651,928
Investments, at cost					11,379,518
Investments, carried at equity method					4,886,363
Total investments and assets whose use is limited					\$619,917,809

# Philadelphia College of Osteopathic Medicine Foundation and Related Entities

## Notes to Consolidated Financial Statements

<i>June 30, 2023</i>	Level 1	Level 2	Level 3	NAV	Total
Money markets and cash equivalents	\$ 11,474,198	\$ -	\$ -		\$ 11,474,198
U.S. Treasury bills	80,920,074	-	-		80,920,074
Equities	7,741,892	-	-		7,741,892
Mutual funds - equities	9,275,130	-	-		9,275,130
Mutual funds - fixed income	173,666	-	-		173,666
Alternative investments at NAV:					
Multi-strategy hedge funds				128,989,114	128,989,114
Structured credit hedge funds				16,130,873	16,130,873
Real estate investment trust				57,568,195	57,568,195
Equity limited partnership				247,563,289	247,563,289
Investments, at fair value	\$ 109,584,960	\$ -	\$ -	\$ 450,251,471	\$ 559,836,431
Investments, at cost					10,193,706
Investments, carried at equity method					4,965,050
Total investments and assets whose use is limited					\$ 574,995,187

<i>June 30, 2024</i>	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multi-strategy hedge funds <sup>(a)</sup>	\$ 134,666,888	\$ 2,072,000	Monthly/ semiannually	15-90 days
Structured credit hedge fund <sup>(b)</sup>	18,643,234	15,815,226	Quarterly	20 days
Limited partnerships - real estate investment trust <sup>(c)</sup>	61,721,709	19,765,714	Quarterly	90 days
Limited partnerships - domestic and foreign equity <sup>(d)</sup>	296,577,665	56,471,246	NIA	None
Total alternative investments	\$ 511,609,496	\$ 94,124,186		

<i>June 30, 2023</i>	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multi-strategy hedge funds <sup>(a)</sup>	\$ 128,989,114	\$ 2,072,000	Monthly/ semiannually	15-90 days
Structured credit hedge fund <sup>(b)</sup>	16,130,873	10,155,134	Quarterly	20 days
Limited partnerships - real estate investment trust <sup>(c)</sup>	57,568,195	18,807,756	Quarterly	90 days
Limited partnerships - domestic and foreign equity <sup>(d)</sup>	247,563,289	74,701,333	NIA	None
Total alternative investments	\$ 450,251,471	\$ 105,736,223		

# Philadelphia College of Osteopathic Medicine Foundation and Related Entities

## Notes to Consolidated Financial Statements

- (a) This class of investment is multi-strategy hedge fund of funds, which is structured as an offshore, open-end limited partnership. The funds have been designed for investors seeking above-average returns generally not available through traditional investment markets. These investments pursue multiple strategies to diversify risks and reduce volatility.
- (b) This class of hedge fund includes investments in the debt of private companies. This class of investment primarily comprises investments in senior secured loans, second lien secured loans, subordinate loans, and/or mezzanine loans of private U.S. companies. Its objectives are to provide current income and to employ a long-term credit performance and principal protection.
- (c) This class of investment invests in debt and equity-related leveraged real estate in North America. The core component of this investment consists of office, retail, warehouse, multi-family, or storage properties. Its objective is to generate a total annual return that exceeds the National Council of Real Estate Investment Fiduciaries Fund Index - Open-End Diversified Core Equity by 300 basis points.
- (d) This class of investment invests in a limited partnership in domestic or foreign equity and equity-like interests or funds. The limited partnership interests are illiquid and cannot be redeemed. The liquidation of the limited partnership interests generally coincides with the term of the fund. The investment strategy targets established businesses and top-performing private equity funds.

### ***Investment Return***

The Organization's investment return including income and realized and unrealized gains, net of investment fees were presented on the consolidated statements of activities for the years ended June 30 as follows:

<i>Year Ended June 30,</i>	<b>2024</b>	<b>2023</b>
Operating activities:		
Interest and dividend income	\$ 11,342,833	\$ 7,928,756
Nonoperating activities:		
Interest and dividend income	568,649	410,144
Net realized and unrealized gains	37,733,190	21,027,269
Total nonoperating activity	38,301,839	21,437,413
Total investment return	\$ 49,644,672	\$ 29,366,169

# Philadelphia College of Osteopathic Medicine Foundation and Related Entities

## Notes to Consolidated Financial Statements

### 15. Tuition and Fees

Tuition and fees consist of revenues for the delivery of education services to students in various academic programs at the Organization's three campuses. A breakdown of tuition and fees by program and campus is as follows:

<i>Year ended June 30,</i>	<b>2024</b>	<b>2023</b>
PA Campus:		
D.O. program	\$ 65,627,368	\$ 62,075,995
Biomedical Science	3,000,722	3,170,236
Physician Assistant	6,604,766	5,875,808
Forensic Medicine	1,204,878	611,437
Clinical Psychology	4,445,867	4,489,519
School Psychology	2,415,754	2,733,195
Organizational Development and Leadership	990,672	530,404
Subtotal - PA Campus	84,290,027	79,486,594
GA Campus:		
D.O. Program	33,144,514	30,008,003
Biomedical Science	2,139,480	2,179,099
Physician Assistant	3,844,283	3,468,617
Pharmacy	8,630,483	10,414,596
Physical Therapy	3,762,128	3,626,436
Medical Laboratory Sciences	1,082,608	542,374
Subtotal - GA Campus	52,603,496	50,239,125
South GA Campus:		
D.O. Program	13,685,146	12,693,225
Biomedical science	501,446	501,017
Subtotal - South GA Campus	14,186,592	13,194,242
Total gross tuition and fees	151,080,115	142,919,961
Less: scholarship expense	(7,832,538)	(7,385,710)
Net tuition and fees	\$ 143,247,577	\$ 135,534,251

# Philadelphia College of Osteopathic Medicine Foundation and Related Entities

## Notes to Consolidated Financial Statements

### 16. Graduate Medical Education

GME includes revenue from hospital affiliates to provide PCOM interns and residents. Revenue from these affiliates offset PCOM's costs. There was no bad debt expense for GME for the years ended June 30, 2024 and 2023. Revenues from these affiliates, based on the highest concentration of activity, are as follows for the years ended June 30:

<i>Year ended June 30,</i>	<b>2024</b>	<b>2023</b>
Chestnut Hill Hospital	\$ 2,400,928	\$ 1,872,996
Aria Health	1,774,848	1,798,599
Roxborough Memorial Hospital - Prime Healthcare	1,706,515	1,933,148
Abington Memorial Hospital	1,661,397	1,513,024
Lankenau Medical Center	1,251,886	1,164,282
Other hospital affiliates	4,050,255	3,253,552
Graduate medical education revenues	\$ 12,845,829	\$ 11,535,601

### 17. Patient Service Revenue

Patient service revenue recognized from these major payor sources based on primary insurance designation is as follows for the years ended June 30:

<i>Year ended June 30,</i>	<b>2024</b>	<b>2023</b>
Medicare and Medicaid	\$ 1,391,214	\$ 1,493,935
Self-pay	160,570	171,615
Other third-party payors	3,374,438	2,651,085
Subtotal	4,926,222	4,316,635
Implicit price concessions	(464,185)	(282,982)
Patient service revenue - net of implicit price concessions	\$ 4,462,037	\$ 4,033,653



# Philadelphia College of Osteopathic Medicine Foundation and Related Entities

## Notes to Consolidated Financial Statements

### 18. Expenses by Function

The following is a summary of expenses by natural classification included in each functional classification of expenses for the years ended June 30, 2024 and 2023:

Year end 2024	Total	Program Activities				Supporting Functions		
		Instruction	Clinical Education	Practice Care Network	Grants and Research	Academic Support	Student Services	Institutional Support
Salaries and wages	\$87,347,525	\$24,572,679	\$20,555,401	\$ 4,886,969	\$ 1,074,055	\$13,722,220	\$ 3,762,799	\$18,773,402
Benefits	27,934,969	7,983,236	5,970,511	1,712,057	321,497	4,636,563	659,519	6,651,586
Legal, accounting, and other professional fees	8,258,787	103,582	9,223	153,307	482	14,918	1,688	7,975,587
Utilities	2,395,098	518,848	446,990	202,146	26,468	307,711	78,259	814,676
Purchased services	22,106,027	2,952,925	5,009,131	1,101,086	675,944	2,248,724	1,202,187	8,916,030
Supplies	9,887,860	1,625,777	375,609	459,314	31,314	5,484,520	183,697	1,727,629
Insurance and underwriting	2,255,747	-	-	335,905	-	-	-	1,919,842
Interest	1,668,697	-	-	-	-	-	-	1,668,697
Depreciation and amortization	11,372,947	2,695,847	1,420,430	462,459	72,374	1,500,979	621,763	4,599,095
Miscellaneous	12,421,083	4,240,230	3,247,708	554,705	893,480	1,669,108	767,465	1,048,387
<b>Total</b>	<b>\$185,648,740</b>	<b>\$44,693,124</b>	<b>\$37,035,003</b>	<b>\$ 9,867,948</b>	<b>\$ 3,095,614</b>	<b>\$29,584,743</b>	<b>\$ 7,277,377</b>	<b>\$54,094,931</b>

Year end 2023	Total	Program Activities				Supporting Functions		
		Instruction	Clinical Education	Practice Care Network	Grants and Research	Academic Support	Student Services	Institutional Support
Salaries and wages	\$ 83,031,137	\$ 24,740,580	\$ 19,809,733	\$ 4,894,278	\$ 991,842	\$ 12,479,436	\$ 3,643,062	\$ 16,472,206
Benefits	26,528,290	8,044,273	5,739,894	1,597,172	340,250	4,260,150	671,972	5,874,579
Legal, accounting, and other professional fees	7,376,789	132,899	23,127	130,492	1,270	24,409	22,482	7,042,110
Utilities	2,413,727	578,341	475,919	218,051	25,938	317,338	83,793	714,347
Purchased services	20,204,362	2,831,311	5,498,389	1,137,862	580,303	2,124,280	1,218,110	6,814,107
Supplies	9,855,018	1,549,112	432,437	478,855	91,080	5,340,386	270,962	1,692,186
Insurance and underwriting	3,396,324	-	307,654	264,199	-	-	-	2,824,471
Interest	1,740,119	-	-	-	-	-	-	1,740,119
Depreciation and amortization	11,448,040	2,851,974	1,495,498	491,659	71,750	1,443,758	652,807	4,440,594
Miscellaneous	14,293,914	4,349,706	2,314,725	440,856	490,306	1,548,017	772,970	4,377,334
<b>Total</b>	<b>\$180,287,720</b>	<b>\$ 45,078,196</b>	<b>\$ 36,097,376</b>	<b>\$ 9,653,424</b>	<b>\$ 2,592,739</b>	<b>\$ 27,537,774</b>	<b>\$ 7,336,158</b>	<b>\$ 51,992,053</b>

# Philadelphia College of Osteopathic Medicine Foundation and Related Entities

## Notes to Consolidated Financial Statements

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### 19. Commitments and Contingencies

The Organization is involved in litigation arising in the ordinary course of business and has accrued for potential losses that are both probable and estimable.

Claims alleging malpractice have been asserted against the Organization and are currently in various stages of litigation. Certain claims have been filed requesting damages in excess of the amount accrued for estimated malpractice costs. Additional claims may be asserted against the Organization arising from services provided to patients through June 30, 2024. It is the opinion of management, however, that estimated malpractice costs accrued at June 30, 2024 are adequate to provide for potential losses.

Commitments related to construction-in-progress projects were \$11,099,991 at June 30, 2024.

### 20. Related-Party Transactions

The Organization has an investment in the company Vybe, which is described in Note 14 to the consolidated statements. The President of the Organization serves as a member of the Vybe Board of Trustees.

For the years ended June 30, 2024 and 2023, approximately \$528,000 and 534,000 of pledges receivable were from the members of the Organization's Board of Trustees and other related parties. Contributions received from members of the Board of Trustees and other related parties totaled approximately \$1,606,000 and \$50,000 for the years ended June 30, 2024 and 2023, respectively. There were no other secured related-party receivables, unsecured related-party receivables, or other related-party transactions as of and for the years ended June 30, 2024 and 2023.

### 21. Subsequent Events

In connection with the preparation of the consolidated financial statements, the Organization evaluated subsequent events after the consolidated statement of financial position date of June 30, 2024 through November 12, 2024, which was the date the consolidated financial statements were issued. The following disclosure was determined to be necessary.