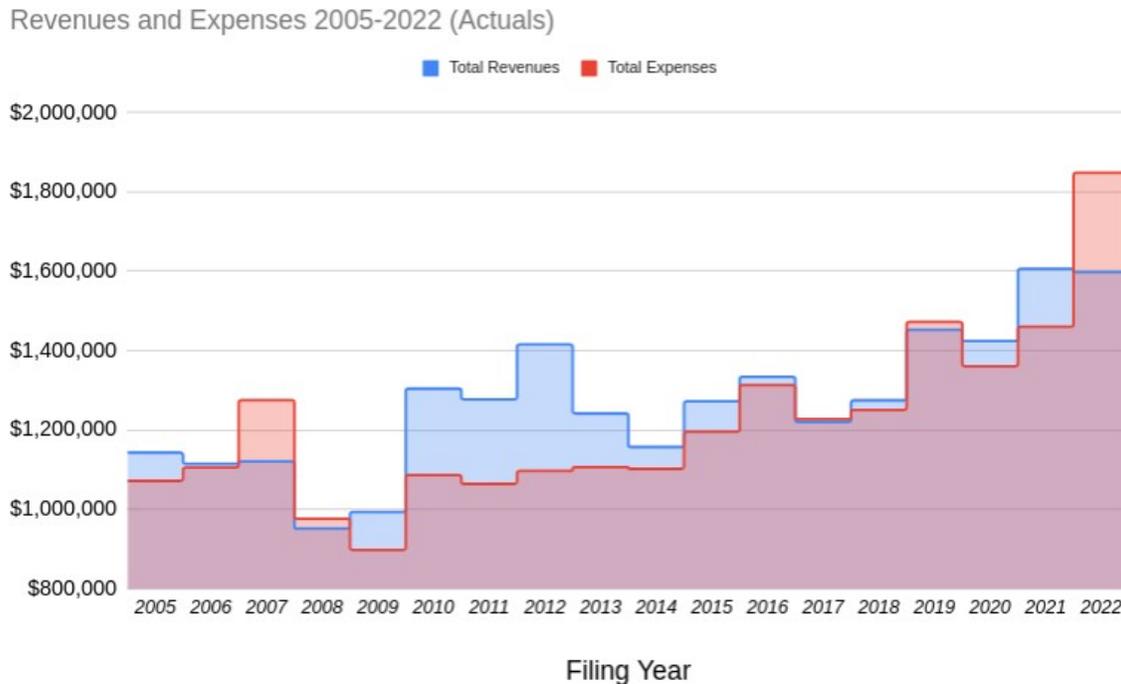


# The Academy's Finances, Enrollments, and "Strategic Theories"

The following pages include historical information about the Academy's finances, and the patterns of enrollment of students over time. It also presents an analysis of the various marketing strategies ("strategic theories") that the college relies on to recruit students.

All financial information provided here is derived from publicly available data. Sources include the institution's I-990 federal tax return and annually submitted federal IPEDS data. Enrollment and graduation data relies upon the Academy's internal databases.

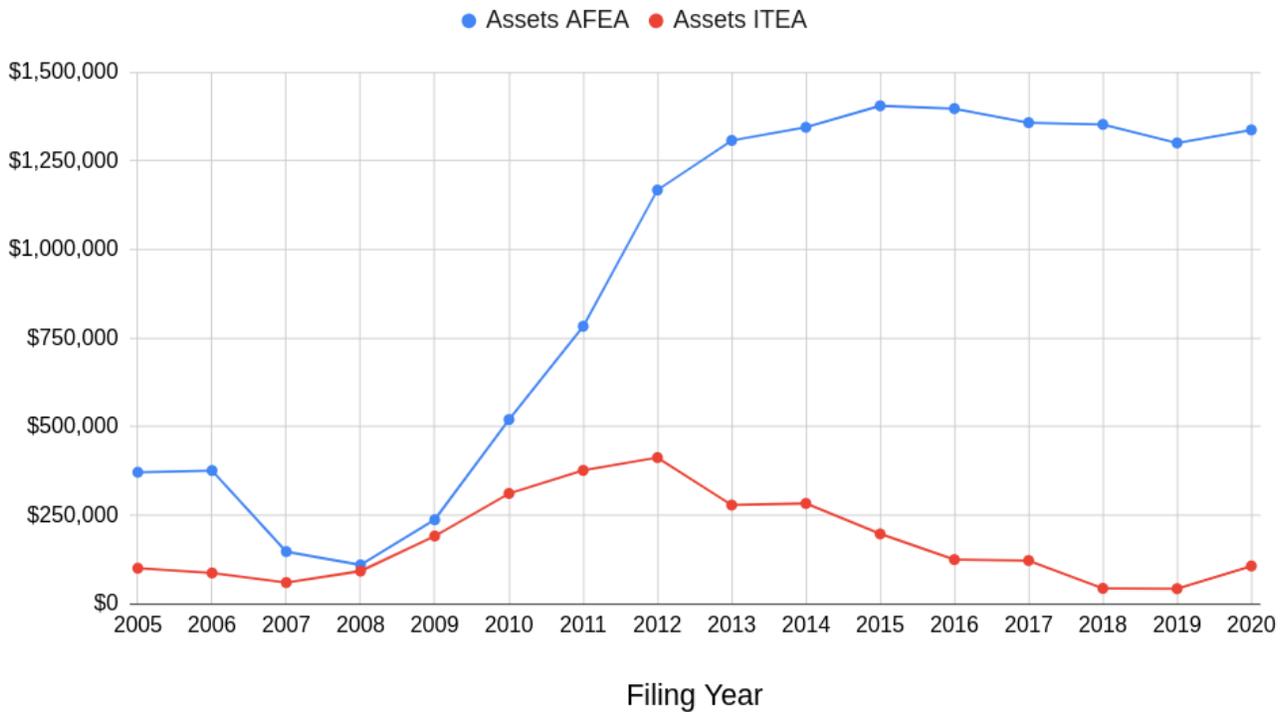
## 1. Revenues and Expenses



Comments: This chart shows historical trends in the college's revenues and expenses over the past 18 years starting with 2005. Where revenues match expenses, the color of the chart shows as purple. Where revenues exceed expenses, the color shows as blue. Where expenses exceed revenues, the color shows as pink. With some exceptions, revenues and expenses have generally kept pace with each other. They have both grown over time, to approximately \$1.5m currently. The period 2010-2014 witnessed particularly strong positive net income for several years in a row, corresponding to a period of strong net asset growth (blue areas). The year 2007, associated with the move to Gainesville, shows a deficit (red). The current fiscal year (2022) is also projected to show a deficit (red).

## 2. Comparing Net Assets: the Academy and ITEA

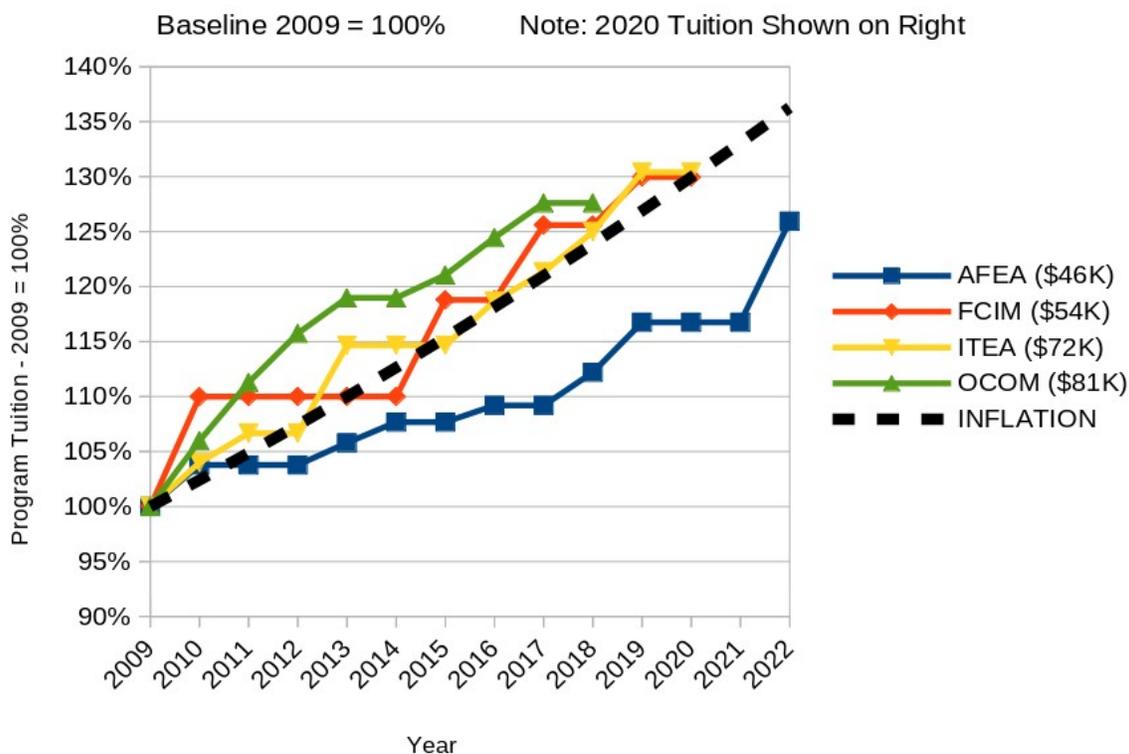
Net Assets: AFEA and ITEA, 2005-2020



Comments: This chart shows net asset changes between 2005 and 2020 for two colleges: the Academy and the Institute of Taoist Education and Acupuncture (ITEA) in Louisville, CO. This data is derived from I-990 federal tax returns. Net assets are best defined as readily accessible funds, including cash and other funds kept in relatively easily accessible savings such as CD's. In 2008, the Academy and ITEA had almost exactly the same level of net assets. During the period 2010-2013 the chart shows that the Academy's net assets grew strongly, while ITEA's net assets grew more slowly. Since 2013, the Academy's net assets have remained roughly constant, fluctuating between \$1.2m and \$1.4m. During that period, ITEA's net assets have, by contrast, declined slowly but steadily. Note that this chart does not include "fixed assets" such as buildings owned by the colleges. Overall, this chart is an indication of one aspect of the Academy's relative financial health over the past 20 years, compared to a specific competitor.

### 3. Tuition Increases

#### 4 AOM Schools Tuition - % Increases 2009-2020 - Compared to Inflation



AFEA = Academy for Five Element Acupuncture (Gainesville)  
 FCIM = Florida College of Integrative Medicine (Orlando)  
 ITEA = Institute of Taoist Education & Acupuncture (Louisville, CO)  
 OCOM = Oregon College of Oriental Medicine (Portland, OR)

Comments: This chart shows the historical changes in program tuition costs for four different AOM colleges, including the Academy, since 2009. For each school, 2009 represents the baseline year (100%) from which all future years' tuition costs are calculated. The black dotted line represents the growth that would have occurred each year if tuition had been adjusted solely to keep pace with the annual rate of inflation (cost of living). The chart shows that Academy tuition increases have been *below the rate of inflation for the entire period*. Some other colleges (FCIM, ITEA) show tuition increases that closely match inflation. One of the colleges (OCOM) shows a tuition increase history that generally exceeds inflation. This evidence suggests that the Academy has, relatively speaking, been historically conservative in its approach to tuition increases. Program tuition now is, in fact, cheaper in relative terms than it was in 2009, after controlling for the effects of inflation. A question for the planning meeting is: *should the Academy continue to keep tuition increases below the rate of inflation?* A positive aspect of this approach is that tuition stays relatively inexpensive for students, relative to other schools. A negative aspect of this approach is that, if increased revenues are needed for some reason (e.g., to pay for salary increases among staff and faculty) then *enrollment growth is required to bring in these new revenues*.

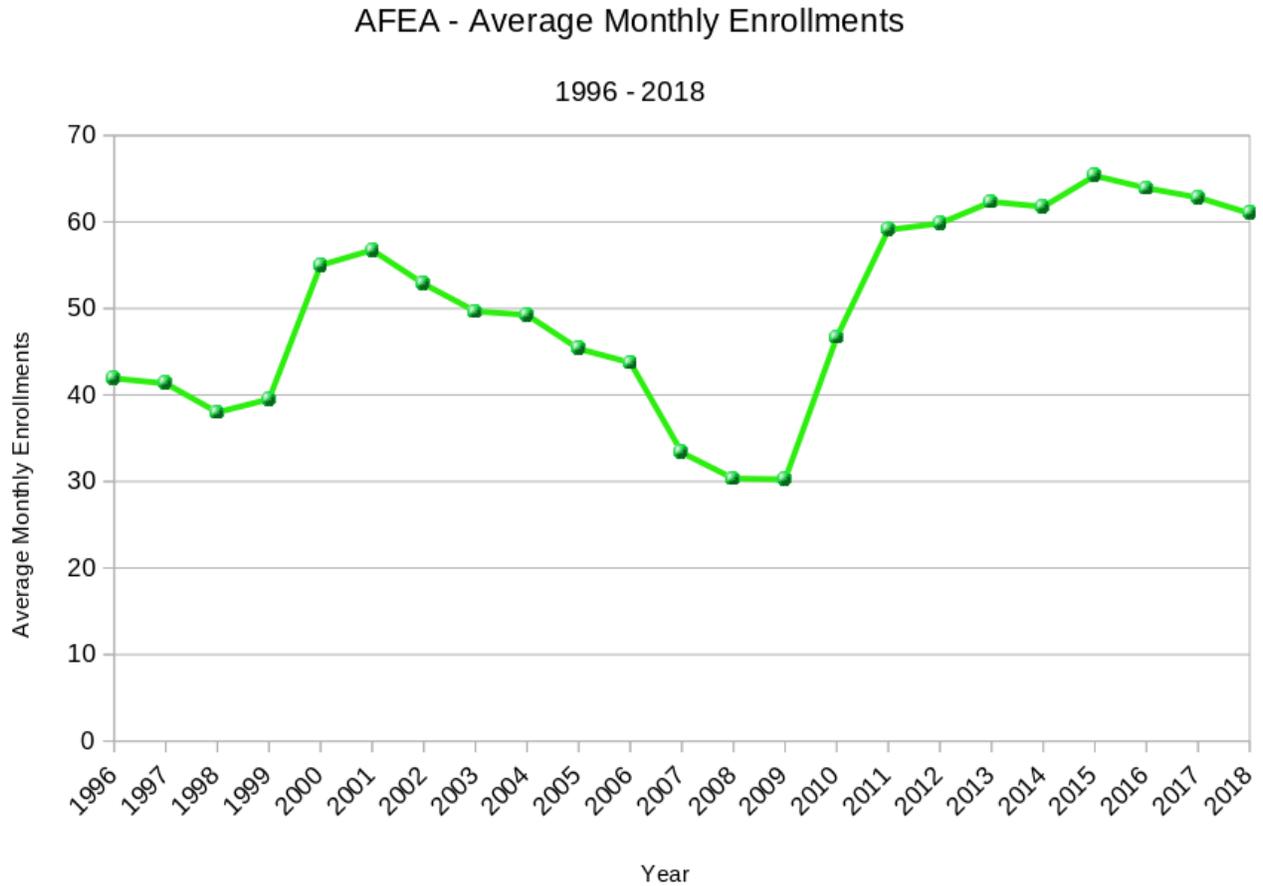
## 4. Revenue History – Controlling for Inflation

AFEA Revenues: Raw and Inflation Adjusted



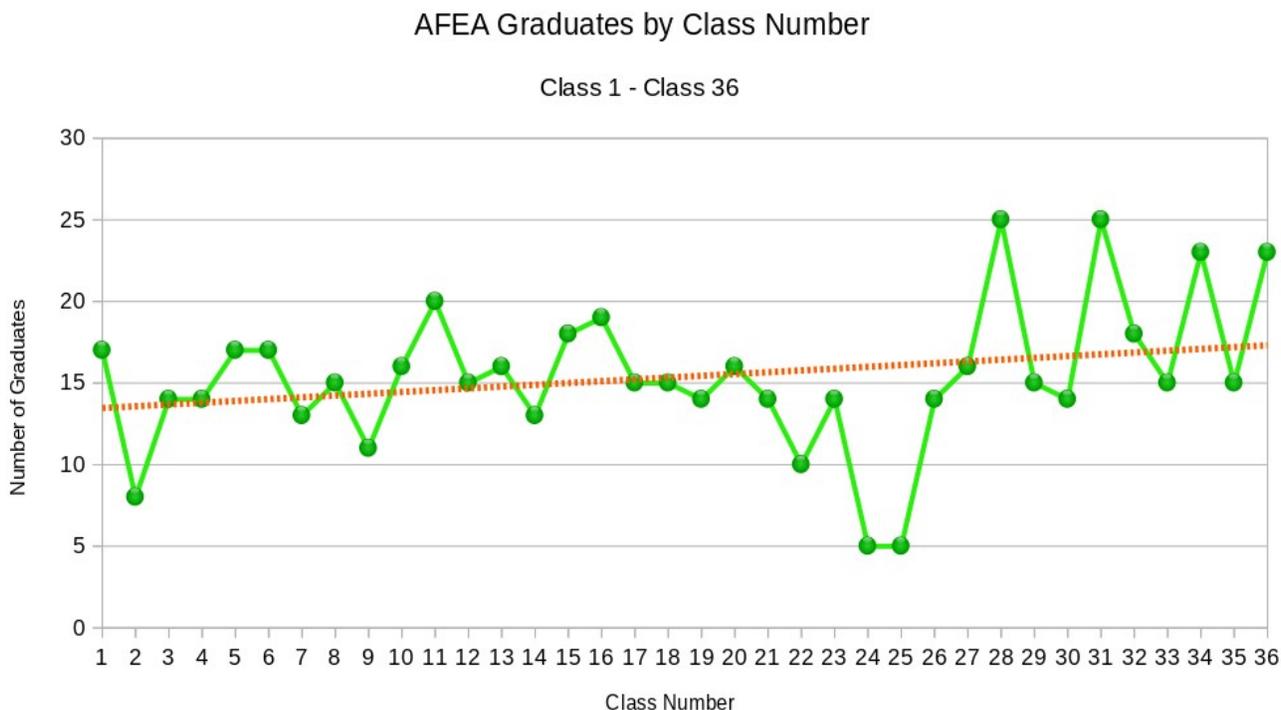
Comments: This chart shows the Academy’s total revenues for the period 2005-2022, including both raw dollar amounts (blue) and the inflation-adjusted amounts (red). The red (adjusted) line shows that, after controlling for the effects of inflation, revenues have essentially remained stable over very long periods of time -- at approximately \$1m per year in 2005 dollars. Actual revenues have obviously grown. But, almost all of this growth seems to be attributable to (or correlated with) inflationary pressures, rather than other sources. The lowest adjusted revenues occurred in the years 2008 and 2009. Highest adjusted revenues occurred in years 2012 and 2010. The eight-year period between 2013 and 2020 shows a particularly stable revenue pattern.

## 5. Enrollment History 1996-2018



Comments: This chart shows estimates of the Academy's total enrollment (average of monthly enrollment statistics for January through December) during the period 1996-2018. In 1996 the college was still in "candidacy" status with ACAHM. Around 40 students in total were enrolled at that time. In 1998, the college was awarded full accreditation. In the post-accreditation period (after 1998) enrollments grew sharply, to approximately 55 students. Then, between 2001 and 2008 enrollments declined fairly steadily to a low point of approximately 30 during the period of the 2008-2010 financial crash. Then, after the crash and in the period after relocating the college to Gainesville, enrollments grew strongly for two years (2010-2011). Since about 2012, enrollments have generally remained relatively stable, in the 60-65 range.

## 6. Numbers of Graduates by Class Number

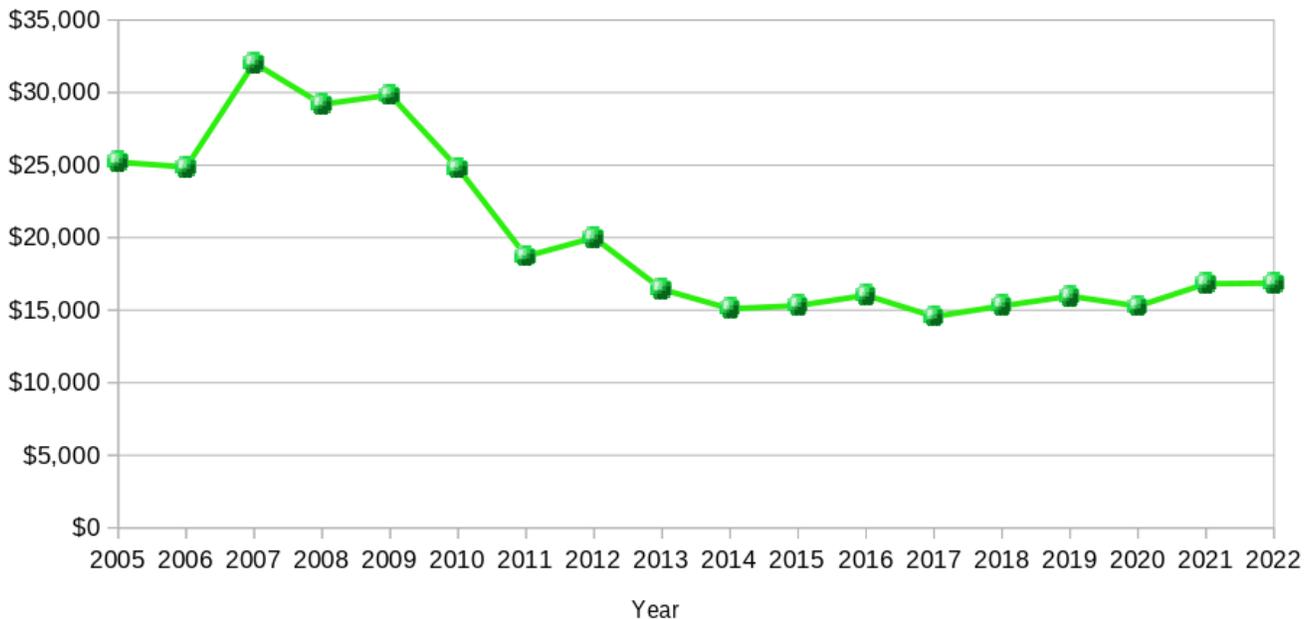


Comments: This chart shows actual graduates (individuals who completed the program and received their degree) since the college was founded in 1988. Class size for Class 1 through Class 16 fluctuated around 15 students per class, with some evidence of slow growth over time in average class size. Between Class 16 and Class 25 (Hallandale Beach period), class size declined relatively steadily, reaching a conspicuous low point for Classes 24 and 25, which graduated only 5 students each. In the Gainesville period, average graduating class size has fluctuated quite strongly in the range of 15 to 25 students. The two largest class sizes have been Classes 28 and 31 during the Gainesville period, with 25 graduating students in each class.

## 7. Revenues per Enrolled Student – adjusted 2005 Dollars

Annual Revenue Per Enrolled Student: 2005-2018

(Inflation Adjusted to 2005 Dollars)



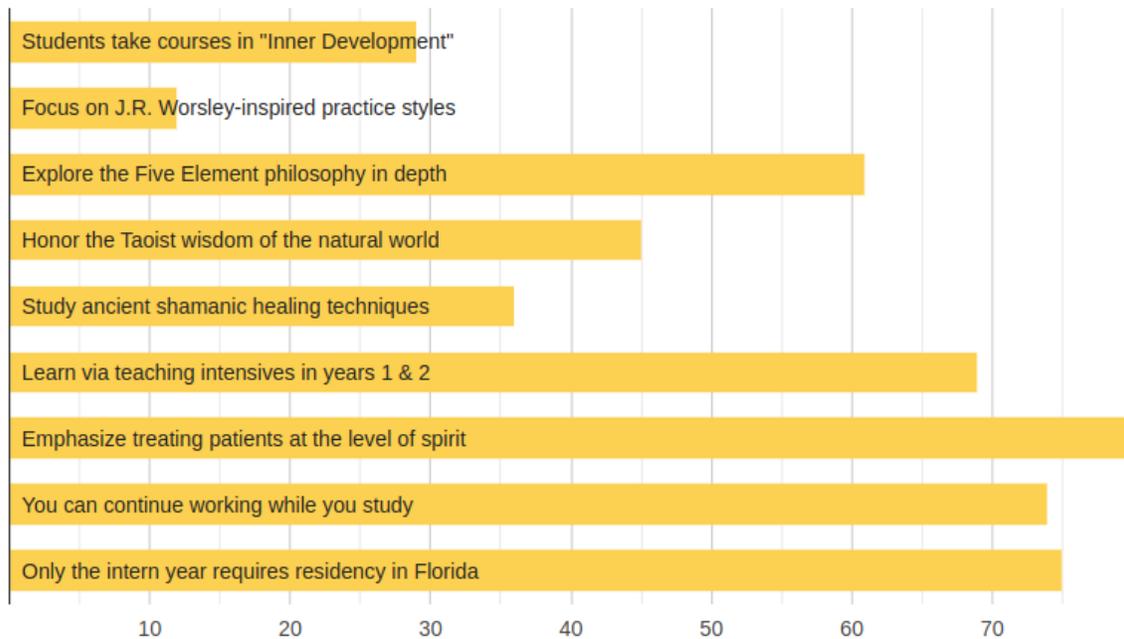
Comments: This chart shows historical trends in the Academy's annual revenues per enrolled student. All revenues are inflation-adjusted to reflect 2005 dollars, using 2.5% annual inflation adjustments. In the pre-Gainesville era, revenues per enrolled student were usually between \$25,000 and \$30,000 per year. Subsequently, annual revenue per student declined over time, to approximately \$15,000 per student per year. Since about 2013, this number has remained stable. Nonetheless, considering the entire period, a decline over time in annual revenue-per-student following the relocation is apparent. One possibility is that non-tuition revenues in the Hallandale Beach era (e.g., continuing education revenues, or clinic revenues) may have been higher, as a proportion of overall revenue, than is true in the Gainesville era. Another potential explanation for this decline relies on the cumulative over-time effect of decisions in the Gainesville era not to adjust program tuition upwards regularly to match inflationary pressures (see – Page 3, Tuition Increases).

## 8. The Academy's Strategies

The following pages include information on some of the Academy's potential marketing strategies ("strategic theories") – as defined by Roger Martin (Univ Toronto; see related short video in the resources, "A Plan is Not a Strategy"). Current students in classes 37, 38 and 39 were recently surveyed about the relative importance of different program features at the time they were considering enrolling. Analysis of their results shows that two different kinds of strategic theories – one emphasizing the *content* of the program and the other the *structure* of the program – might both be influential in shaping enrollment decisions.

### Strategic Theories

*From survey instructions: "Below are listed a few potentially important features of the Academy's program, and its general approach. You may have considered one or several of these factors at the time you were thinking about enrolling at the college. If so, we'd like to know which features were most important for you, and also which were less significant. From the following list, please use your best judgment to rank the items, in order of how significant they were for you, at the time you were considering enrolling." Results are shown below, including overall ranked scores for each feature.*



Borda count totals.

Comments: Of nine potential strategic theories about program features included in the survey, five are particularly important to members of Classes 37, 38, and 39, according to the ranking analysis. These are most strongly identified by students as the features that led them to enroll. In order of rank scores, these features are:

1. *Emphasizing treating patients at the level of spirit* – (this is a content feature)
2. *Only the intern year requires residency in Florida* – (this is a structural feature)
3. *You can continue working while you study* – (this is a structural feature)
4. *Learn via teaching intensives in years 1 & 2* – (this is a structural feature)
5. *Explore the Five Element philosophy in depth* – (this is a content feature)

## 2. Differentiation of “content” features from “structure” features

Below is a tabulation of results from the survey in more detail for individual respondents (one respondent for each row). Shown are the rank scores each responding student gives for these five highest ranking program features. Higher scores = more important.

Student #	5E	Inten	Work	Res	Spir	Focus
2	8	0	7	2	9	CONTENT PEOPLE
6	8	4	6	5	9	
9	8	7	2	6	9	
13	3	4	7	8	9	
11	9	1	5	8	7	
3	8	9	0	0	6	STRUCTURE PEOPLE
14	2	9	8	5	7	
8	0	8	9	0	0	
4	5	8	9	2	6	
15	6	2	9	8	5	
12	0	7	9	8	4	
10	5	0	7	9	8	
5	0	8	0	9	7	
7	7	8	0	9	6	
1	4	7	8	9	2	
Scores:	73	82	86	88	94	Focus

*SPIR = Emphasizing treating patients at the level of spirit*  
*RES = Only the intern year requires residency in Florida*  
*WORK = You can continue working while you study*  
*INTEN = Learn via teaching intensives in years 1 & 2*  
*5E = Explore the Five Element philosophy in depth*

Comments: Highest rank (green) receives 9 points in the ranking analysis, second rank (yellow) receives 8 points, and third rank (pink) receives 7 points. Focusing on top-ranked responses only (green), the students can be separated into two groups: A) “content people” – i.e., those who prioritize features #1 or #5 – and B) “structure people” – i.e., those who care more about features #2, #3, and #4.

### 3. Summary of Results

An overall summary of results is provided in the table below.

Program Feature	Number Reporting This as 1 <sup>st</sup> or 2 <sup>nd</sup> Most Important Feature When Enrolling	% of Students
Residency	8	53%
Keep Working	6	40%
Intensives	6	40%
Treat Spirit	5	33%
5 Elements	5	33%
Any Structural Feature	12	80%
Any Content Feature	7	47%
Structure Feature Only	8	53%
Content Feature Only	3	20%
Both Structure And Content	4	27%
<b>Total Respondents</b>	<b>15</b>	<b>100%</b>

Comments: This table shows the number of respondents who marked specific program features as *their first or second choice*. Yellow rows reflect “content” features, while blue rows reflect “structure” features. Overall, “structural” features seem to be more significant, for this group at least, than “content” features. Fully 80% of this group of students report at least one structural feature (residency, keep working, or intensives) as a first or second ranked consideration in their decision to enroll. But only less than half of the group (47%) report any content features being this important (spirit, and five-element). Fully 53% indicate that the specific structural feature “1-year residency” as among their top two most important reasons for enrolling. This finding is striking because 1-year residency is the *only feature* among the entire set of strategic theories that is *entirely unique* to the Academy among all 51 accredited acupuncture colleges. It is also noteworthy that the Academy’s current graduates are disproportionately located in regions of the country *where there are no other acupuncture schools*. For prospects from these areas, a structural program feature that allows them to enroll in acupuncture school with *only one year of Florida residency* could be particularly significant, since their only other options are to either relocate for three full years to attend another AOM school in another area, or not enroll in acupuncture college at all.