

INTERSTATE MEDICAL LICENSURE COMPACT COMMISSION

FINANCIAL STATEMENTS

**FOR THE PERIOD FROM INCEPTION OF
OCTOBER 27, 2015 THROUGH JUNE 30, 2017**

**INTERSTATE MEDICAL LICENSURE COMPACT COMMISSION
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THROUGH JUNE 30, 2017**

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Interstate Medical Licensure Compact Commission
Lakewood, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the Interstate Medical Licensure Compact Commission, which are comprised of the statement of net position as of June 30, 2017, and the related statements of revenues, expenses and changes in net position, and cash flows for the period from inception (October 27, 2015) to June 30, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Interstate Medical Licensure Compact Commission as of June 30, 2017, and the respective changes in financial position and cash flows for the period from inception (October 27, 2015) to June 30, 2017, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.



CliftonLarsonAllen LLP

Broomfield, Colorado
January 28, 2019

INTERSTATE MEDICAL LICENSURE COMPACT COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 153,843
Total Current Assets	<u>153,843</u>
Total Assets	<u>153,843</u>

LIABILITIES

Current Liabilities:

Accounts Payable	8,700
Due to State Boards	<u>79,000</u>
Total Current Liabilities	<u>87,700</u>
Total Liabilities	<u>87,700</u>

NET POSITION

Unrestricted	66,143
Total Net Position	<u>\$ 66,143</u>

See accompanying Notes to Financial Statements.

**INTERSTATE MEDICAL LICENSURE COMPACT COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE PERIOD FROM INCEPTION (OCTOBER 27, 2015)
TO JUNE 30, 2017**

OPERATING REVENUES

Licensing Fees	\$ 147,752
Total Operating Revenues	147,752

OPERATING EXPENSES

License Fees	97,675
Marketing	3,894
Bank Charges & Fees	4,483
Office Supplies	30
Other Operating	527
Total Operating Expenses	106,609

Net Operating Income	41,143
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NONOPERATING REVENUES (EXPENSES)

Intergovernmental Revenue	270,419
Intergovernmental Expenses	(245,419)
Total Nonoperating Revenues (Expenses)	25,000

CHANGE IN NET POSITION

66,143

Net Position - Beginning of Period	-
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NET POSITION - END OF YEAR

\$ 66,143

See accompanying Notes to Financial Statements.

**INTERSTATE MEDICAL LICENSURE COMPACT COMMISSION
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM INCEPTION (OCTOBER 27, 2015)
TO JUNE 30, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers and Users	\$ 147,752
Payments to Vendors and Customers	<u>(18,909)</u>
Net Cash Provided by Operating Activities	128,843
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Intergovernmental Grants	<u>25,000</u>
Net Cash Provided by Noncapital Financing Activities	25,000
NET CHANGE IN CASH AND CASH EQUIVALENTS	153,843
Cash and Cash Equivalents - Beginning of Period	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u><u>\$ 153,843</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES	
Operating Income	\$ 41,143
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Effect of Changes in Operating Assets and Liabilities:	
Accounts Payable	8,700
Due to State Boards	<u>79,000</u>
Total Adjustments	<u>87,700</u>
NET CASH FROM OPERATING ACTIVITIES	<u><u>\$ 128,843</u></u>

See accompanying Notes to Financial Statements.

**INTERSTATE MEDICAL LICENSURE COMPACT COMMISSION
NOTES TO FINANCIAL STATEMENTS
FROM INCEPTION (OCTOBER 27, 2015) TO JUNE 30, 2017**

NOTE 1 REPORTING ENTITY

The Interstate Medical Licensure Compact Commission (IMLCC) was established on October 27, 2015, pursuant to the terms of the Interstate Medical Licensure Compact (the Compact). IMLCC was established as a body corporate to fulfill the objectives of the Compact, through a means of joint cooperative action amount Member States to develop a comprehensive process that complements the existing licensing and regulatory authority of state medical boards, and provide a streamlined process that allows physicians to become licensed in multiple states, thereby enhancing the portability of a medical license and ensuring the safety of patients.

The IMLCC Membership is comprised as provided by the Compact. Each Member State is limited to two appointed voting representatives. The appointees are the Commissioners of the Member State. A detail listing of Member States and IMLCC Membership can be found at IMLCC.org.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. IMLCC accounts for its operations as an enterprise fund. The significant accounting policies are described herein.

Measurement Focus, Basis of Accounting and Basis of Presentation

IMLCC's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred, regardless of the timing of related cash flows.

IMLCC distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalent

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition.

**INTERSTATE MEDICAL LICENSURE COMPACT COMMISSION
NOTES TO FINANCIAL STATEMENTS
FROM INCEPTION (OCTOBER 27, 2015) TO JUNE 30, 2017**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Due to State Boards

Due to State Boards represents the balance due at the end of the fiscal year to the State Board, for which a license was issued. For each application fee processed by IMLCC for the period of inception (October 27, 2015) to June 30, 2017, \$300 is remitted to the State Board for which a license was issued.

Net Position

Net position is classified in the following categories:

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulation of other governments and restriction imposed by law through constitutional provisions or enabling legislation. IMLCC had no items which were classified as restricted net position.

Unrestricted Net Position – This category represents the net position of IMLCC, which is not restricted for any project or other purpose.

When both restricted and unrestricted resources are available for use, it is the IMLCC's policy to use restricted resources first, then unrestricted resources as they are needed.

Revenue Recognition

Licensing fee revenues are derived from applications fees charged by IMLCC to physicians who are seeking to become licensed in a State that is a member of the Interstate Medical Licensure Compact. These charges are initially collected by the IMLCC and a portion is subsequent remitted to the individual State for which a license was issued. IMLCC recognizes the licensing fees as operating revenue on the accrual basis of accounting.

Intergovernmental revenues are received from the Federation of State Medical Boards (FSMB) Foundation. The Foundation provides support for projects associated with the Interstate Medical Licensure Compact. The purpose of the grant program is to support the Compact, its Commission, and state medical and osteopathic boards in their readiness to participate in the Compact. IMLCC recognizes the grant revenue as nonoperating revenue on the accrual basis of accounting.

NOTE 3 CASH AND CASH EQUIVALENTS

IMLCC maintains all of its cash with one financial institution in accordance with IMLCC policies. The carrying amount of the deposit was \$153,843 and the bank balance was \$109,083 as of June 30, 2017. The full balance as of June 30, 2017 was covered by the Federal Depository Insurance Corporation (FDIC).

**INTERSTATE MEDICAL LICENSURE COMPACT COMMISSION
NOTES TO FINANCIAL STATEMENTS
FROM INCEPTION (OCTOBER 27, 2015) TO JUNE 30, 2017**

NOTE 4 RELATED PARTY TRANSACTIONS – ON-BEHALF PAYMENTS

For the period of inception (October 27, 2015) to June 30, 2017, IMLCC received on-behalf payments from the Federation of State Medical Boards (FSMB) in the amount of \$245,419. Payments consisted of expenses incurred for legal services, technology and other operating expenditures during the initial fiscal year for IMLCC. This balance is recorded within intergovernmental revenues and grant expenses on the Statement of Revenues, Expenses and Changes in Net Position.

NOTE 5 COMMITMENTS AND CONTINGENCIES

IMLCC does not have any pending litigation or legal claims that would have a materially adverse effect on the financial position of IMLCC.