

INTERSTATE MEDICAL LICENSURE COMPACT COMMISSION
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**INTERSTATE MEDICAL LICENSURE COMPACT COMMISSION
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Interstate Medical Licensure Compact Commission
Littleton, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the Interstate Medical Licensure Compact Commission as of and for the year ended June 30, 2019, 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 opinion.

Opinion

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, 2019, and the respective changes in financial position and cash flows thereof for the year then ended 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
February 16, 2021

INTERSTATE MEDICAL LICENSURE COMPACT COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 1,875,666
Accounts Receivable	<u>52,046</u>
Total Current Assets	<u>1,927,712</u>
Total Assets	<u>1,927,712</u>

LIABILITIES

Current Liabilities:

Accounts Payable	<u>921,069</u>
Total Current Liabilities	<u>921,069</u>
Total Liabilities	<u>921,069</u>

NET POSITION

Unrestricted	<u>1,006,643</u>
Total Net Position	<u>\$ 1,006,643</u>

See accompanying Notes to Financial Statements.

**INTERSTATE MEDICAL LICENSURE COMPACT COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

OPERATING REVENUES

Licensing Fees	\$ 4,035,003
Total Operating Revenues	4,035,003

OPERATING EXPENSES

License Fees	3,070,724
Professional Services	214,320
Bank Charges & Fees	121,893
Travel	17,370
Office Supplies	3,767
Other Operating	12,928
Total Operating Expenses	3,441,002

Net Operating Income	594,001
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NONOPERATING REVENUES (EXPENSES)

Intergovernmental Revenue	296,044
Intergovernmental Expenses	(296,044)
Interest	960
Total Nonoperating Revenues (Expenses)	960

CHANGE IN NET POSITION

594,961

Net Position - BEGINNING OF YEAR

411,682

NET POSITION - END OF YEAR

\$ 1,006,643

See accompanying Notes to Financial Statements.

INTERSTATE MEDICAL LICENSURE COMPACT COMMISSION
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM JULY 1, 2018
TO JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers and Users	\$ 4,035,003
Payments to Vendors and Customers	<u>(2,929,659)</u>
Net Cash Provided by Operating Activities	1,105,344
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Interest Income	<u>960</u>
Net Cash Provided by Noncapital Financing Activities	960
 NET CHANGE IN CASH AND CASH EQUIVALENTS	
	1,106,304
Cash and Cash Equivalents - Beginning of Year	<u>769,362</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	
	<u><u>\$ 1,875,666</u></u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES	
Operating Income	\$ 594,001
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Effect of Changes in Operating Assets and Liabilities:	
Accounts Payable	547,321
Prepaid Assets	6,900
Accounts Receivable	<u>(42,878)</u>
Total Adjustments	<u>511,343</u>
 NET CASH FROM OPERATING ACTIVITIES	
	<u><u>\$ 1,105,344</u></u>

See accompanying Notes to Financial Statements.

**INTERSTATE MEDICAL LICENSURE COMPACT COMMISSION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$1,875,666 and the bank balance was \$1,875,666 as of June 30, 2019. Of the \$1,807,473 held with one financial institution \$1,557,473 was not covered by the Federal Depository Insurance Corporation (FDIC).

**INTERSTATE MEDICAL LICENSURE COMPACT COMMISSION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 RELATED PARTY TRANSACTIONS – ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2019, IMLCC received on-behalf payments from the Federation of State Medical Boards (FSMB) in the amount of \$8,663. 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.