CANNABIS REGULATORY AGENCY

CRA Tips for Licensees
Revised January 28, 2026

Accounting and Recordkeeping Best Practices

These accounting and recordkeeping best practices are being provided to licensees to address recommendations from previous Annual Financial Statement (AFS) workgroups. Following these best practices will aid the licensee and certified public accountant (CPA) when preparing the AFS.

Accounting System

- **Consult a Licensed CPA:** Consult a licensed CPA to assist in creating an accounting system to accurately document business revenue and expenses and ensure that the accounting system is applied consistently. Evaluate the advantages and disadvantages of various accounting systems, considering factors like functionality, scalability, efficiency, and cost.

- **Research and Select Accounting Software:** Choose and maintain accounting software that complements your accounting system. Accounting programs are generally easier to maintain and more user-friendly than Word documents or Excel files. Some software offers better tracking capabilities, links to original documents, and provides better points of reference.

Recordkeeping – Internal Records

- **Maintain Detailed Records:** Keep comprehensive records of all business revenue and expenses to ensure accurate monitoring of your business throughout the year.

- **AFS Report Requirement:** An AFS report is required for each legal entity that holds a marijuana license. Legal entities that hold multiple licenses but share a centralized corporate management function should clearly allocate expenses to each licensee. It is very important that legal entities keep separate business transactions, both in sales and disbursements.

- **Cash Log:** Maintain a cash log to record all incoming and outgoing cash.

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- **Source Documents:** Organize and retain all business source documents (e.g., receipts, invoices, purchase orders) for at least seven years, per federal tax guidelines.

- **Consistent Vendor and Customer Identification:** Always identify vendors and customers consistently in your records.

- **Licensee Identification:** Use the official business name of each licensee in your records to avoid confusion.

- **Maintain Agreements:** Identify any agreements with other licensees, landlords, brands, management companies, and others, and retain physical copies of these agreements to ensure payments are made and terms are upheld (e.g., real property agreements, tolling agreements, licensing agreements, financing agreements, management agreements, etc.).

    - **Tolling Transfers:** Tolling transfers are available for use in Metrc. Licensees can upload tolling agreements and attach them to transfers when the transfer type is “tolling”. More details are available in the Metrc Support Bulletin.

- **Maintain Required Documents:** Maintain updated versions of required documents. Examples include lease agreements and ownership documents. Note that changes to some documents must be provided to the CRA and receive approval prior to taking effect.

    - See Reporting Form - License Maintenance and Reporting Form Instructions - CRA License Maintenance for more information on how to update records.

Recordkeeping (Electronic Records)

- **Backup Files:** Back up your files electronically whenever possible.

- **Scan and Store Documents:** Scan all original documents - such as receipts and invoices - and store them in a separate, secure location as a backup.

Personal Items

- **Avoid Mixing Personal and Business Transactions:** Do not combine personal and business expenses (e.g., using business funds for personal expenses or personal funds for business purchases).

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Metrc and Internal Licensee Records

- **Consistency Between Metrc and General Ledger:** Ensure that transactions in Metrc align with the entries in the general ledger.

- **Price Documentation:** If the price of a product is unknown at the time of transfer, maintain documentation (e.g., agreements, invoices) to help reconcile general ledger revenue with Metrc revenue in your AFS. An Invoice Number field is available when creating the Metrc transfer. Invoice information (if known at the time of the Metrc transfer) can be added to aid in reconciliations.

- **Monthly Reconciliation:** Perform monthly reconciliations of Metrc sales with the general ledger and point-of-sale system (if applicable). Be sure to document the reasons for any discrepancies.

- **Manifests and License Numbers:** Ensure that manifests reflect the correct license numbers for all parties involved in the transfer.

- **Invoicing for Reconciliation:** Use invoicing that references manifests, tags, or other identifying product information to assist with the reconciliation process between Metrc and the general ledger.

For further guidance on the wholesale marijuana tax, please see the bulletin released in January 2026: Wholesale Marijuana Tax and Metrc Reporting Clarification.

For further guidance in CRA compliance for best practices and recordkeeping, please see the recent release in February 2025: CRA Compliance Best Practice Guide.

For further guidance on Metrc Support with uploading Tolling Agreements to a transfer manifest, see Metrc Support Bulletin.

For further guidance on transfers between licenses, please see the bulletin released in February 2023: Transfers of Marijuana Product Between Equivalent Licenses.

For questions regarding these tips, please email CRA-AFS@michigan.gov or contact the CRA Financial Compliance Section (FCS) by phone at 517-284-8599. For more information about the FCS or AFS reports, please visit www.michigan.gov/AFS.

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