



ADVISORY BULLETIN

March 18, 2021

Annual Financial Statement Review

The purpose of this bulletin is to provide an overview of the review process of annual financial (AFS) statements required by Section 701 of the Medical Marijuana Facilities Licensing Act and Rule 20 of the Marijuana Licenses Rules set – R 420.20 for medical marijuana facilities and adult-use establishments.

Once the Marijuana Regulatory Agency (MRA) receives a licensee's AFS, licensees and certified public accountants (CPA) may expect the following to occur:

- The AFS report is assigned to an analyst who will initially review the AFS to determine whether the following required documents have been received:
 - AFS report
 - Contact Authorization Form
 - CPA Attestation of Practice Authority
 - Attestation of Section 701 Compliance Form (medical licensees only)

The analyst will then email the authorized contact – or the licensee if no authorized contact has been provided – and inform them of MRA's receipt of the licensee's AFS. The analyst will indicate in the email whether any of the above referenced forms are missing and will indicate that the contact will receive notice of any additional deficiencies after the analyst has been able to conduct a comprehensive review of the AFS. Missing forms must be provided before further review can occur.

- After the analyst has done a comprehensive review of the AFS, if questions arise or further explanations or documentation is needed, the authorized contact will receive a notice of deficiency (NOD) outlining the information needed.

Please note:

- An NOD is not disciplinary in nature.

- A full response to an NOD with the requested information is expected within 10 business days. A request for an extension may be granted if warranted.
- Some deficiencies may need to be addressed on the AFS report by the CPA, while other deficiencies may require an explanation or documentation from the licensee.
- Additional questions may arise – or further explanations or documentation may be needed to clarify NOD responses – which may result in subsequent NODs.
- Some information provided in the AFS may require coordination with other MRA sections resulting in contact by those sections (e.g., ownership issues or licensing agreements with the Licensing Section and/or METRC errors with the Operations Support Section).
- Once review of the AFS and subsequent follow up is completed, the analyst will send the authorized contact a letter indicating that the AFS has been reviewed and the licensee will be contacted if any further information is needed.
- Referrals to MRA Licensing Section, Operations Support Section, Field Operations Section, or to the Michigan Department of Treasury may be made if information in the AFS indicate a possible violation of law or administrative rule. If warranted, an investigation may occur, and the licensee may be subject to disciplinary action.
- A referral will be made for investigation if an AFS is received after the due date, and the licensee may be subject to disciplinary action. Continued failure to file the AFS may result in the imposition of further penalties.

For questions regarding the AFS requirements, please email MRA-AFS@michigan.gov or contact MRA Financial Compliance Section by phone at 517-284-8599. For more information about the Marijuana Regulatory Agency, please visit www.michigan.gov/MRA.