

February 2, 2018

Certified Public Accountant (CPA) Attestations

The purpose of this bulletin is intended to address requests for clarification on the issue of CPA attestations and capitalization as provided in Rule 11 of the Emergency Administrative Rules filed on December 4, 2017.

- For clarification purposes, the CPA attested financial statement of assets used to provide the total capitalization amounts that are required by Rule 11 must meet the following criteria:
 1. It must be prepared and attested by an individual who is a CPA in any state or prepared and attested by a CPA firm from any state. Funds originating from a foreign country must be attested by the equivalent of a CPA in that foreign country and must then be attested by a CPA in the United States. **AND**
 2. It must be an attested service as defined in [MCL 339.720\(1\)\(a\)\(v\)](#) (or the foreign equivalent) – meaning it must be an examination, review, or agreed-upon procedures engagement to be performed in accordance with the statements on standards for attestation engagement, other than an examination of prospective financial information. A compilation is not an attested service under MCL 339.720(1)(a)(v) and does not meet the attestation requirements of Rule 11. **AND**
 3. It must document both the sources and value of each asset used to provide capitalization and total amount of the applicant’s capitalization to operate and maintain the proposed marijuana facility. Proof must be provided that there is no lien or encumbrance on the asset.
- The capitalization requirements found in Rule 11 must be met individually for each state operating license (by type of marijuana facility) for which the applicant intends to apply. Persons intending to apply for multiple state operating licenses must provide a statement(s) attesting to assets to meet the capitalization requirements for each state operating license. The value of an asset may only be used to meet the capitalization for one state operating license.
- The sources of capitalization provided by persons or entities on behalf of the applicant (e.g. loans, lines of credit) must be accompanied by a Statement of Money Lender, be supported by documents creating and securing the debt, and must be attested by a CPA as indicated above. The CPA attestation of those funds may be included in the applicant’s CPA attestation of total capitalization or may be provided by a separate CPA attestation of the loaned funds.

This advisory bulletin does not constitute legal advice and is subject to change. It is intended to provide clarification only as to the Department of Licensing and Regulatory Affairs’ Emergency Administrative Rules which were promulgated on December 4, 2017 and 2018 PA 10. Licensees are encouraged to seek legal counsel to ensure their operations comply with the Medical Marijuana Facilities Licensing Act, as amended and associated Emergency Administrative Rules.

A complete copy of the Emergency Administrative Rules can be found at:
http://www.michigan.gov/lara/0,4601,7-154-79571_83994---,00.html

More information on the BMMR can be found at the bureau’s website: [michigan.gov/bmmr](http://www.michigan.gov/bmmr)

For more information about LARA, please visit www.michigan.gov/lara

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