

Huber, Kristen

From: Cook, Mishawn
Sent: Tuesday, August 02, 2016 4:39 PM
To: Cook, Mishawn
Subject: MJ financial records for city audits checklist- Now with Attachment
Attachments: Audit Record Tax Documents Check List.pdf

City of Boulder Marijuana Business Licensees, as a follow up to the MJ tax seminar presented last Wednesday July 27, 2016 by our city audit supervisor, Pat Brown, please attached here an audits and financial records checklist for your use with city audit preparation. It explains our local code requirements to have financial records separated by license and is in a useful checklist form.

This information will also be posted on our Marijuana City Updates web page.

Thank you, Mishawn Cook

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City of Boulder Marijuana Business Audit Record Check List

Each Boulder Marijuana Business licensee shall maintain the below legally required financial records (see 6-14 and 6-16, section 9):

- 1) Keep a complete set of accounting records and separate bank accounts for each city license/location (if a separate bank account cannot be maintained, then separate cancelled checks, deposit slips, and credit card machines with transactions should be kept),
- 2) Copies of inventory, expense, and fixed asset purchase invoices should be kept separate for each city license/location (i.e. grow facility supply invoices vs. retail store supply invoices kept in separate boxes, filing cabinets, or electronic folders),
- 3) Copies of sales receipts to customers should be kept separate for each city license/location (receipts shall be maintained in a computer program or by pre-numbered receipts and used for each sale) and sales journals must separate product price from sales tax collected,
- 4) Copies of transport documents/manifests for MJ product shipped or received should be kept separate, including but not limited to, Monthly Marijuana Transfer Manifests and METRC System reports for Monthly Sales Report, Transfer Report, and Plant Inventory Report, for each city license/location,
 - The transport documents/manifest should clearly state if the individual products are bud, trim, or clones for audit purposes.
- 5) Separate inventory records for each city license/location. The accounting records of each business should clearly track marijuana product inventory purchased, sold, and disposal of any recreational marijuana separately from other paraphernalia, or services, offered by the recreational marijuana business. The licensee must also maintain inventory records supporting that no more marijuana was within the marijuana business allowed by applicable law. Records must clearly show the source, amount, price, and dates of all marijuana received/purchased, and the amount, price, and dates for all marijuana sold.
- 6) Separate city tax returns and tax remittance records should be kept separate for each city license/location.

During an audit, each business license must provide separate and distinct records because comingling accounting records is prohibited by our local code. By way of example, these records may include, but are not limited to:

- Fixed Asset Addition list and Asset Depreciation schedule
- Fixed Asset invoices
- Annual Trial Balances
- General Ledger Detail
- Equipment Lease Agreements and Maintenance Contracts
- Expense Purchase Invoices
- Bank Statements
- Credit Card Statements
- List of Inventory Suppliers
- Daily Sales Summaries or “Z” tapes
- Sales Journals
- Sales Tax Returns & Support Worksheets