

**MANUFACTURING MILK LAW OF 2001 (EXCERPT)**  
**Act 267 of 2001**

**288.677 Audited financial statement.**

Sec. 117. (1) A licensee or applicant for a license as a dairy plant not providing a security device under section 118 or 119 shall provide an audited fiscal year end financial statement prepared by a certified public accountant according to generally accepted accounting principles and a quarterly verified financial statement that verifies the licensee's ability to meet the ratio of 1.20:1 for minimum liquidity requirements of current assets to current liabilities.

(2) The audited financial statement, to be filed by the licensee not later than 120 days after the close of the licensee's fiscal year end, shall contain a balance sheet, income statement, equity statement, statement of cash flow, notes to the statements, and any other information required by the department. The department may extend the date for filing the audited financial statement by up to 30 days only upon the written request of the dairy plant or the dairy plant's accountant preparing the statement if the request is made not less than 10 days before the deadline for the filing of the statement. The request shall state the reason for the delay.

(3) The quarterly verified financial statement shall be filed within 60 days after the end of the fiscal quarter to which the statement pertains. The quarterly verified financial statement shall include, but not be limited to, a balance sheet, income statement, and any other information required by the department. The department may require a dairy plant that produces manufactured dairy products to file a supplementary or interim financial statement or provide additional information at any time pertaining to the financial statements filed under this subsection or to specific information requests made by the department. In determining whether the dairy plant has met the minimum liquidity requirement described in this subsection in an audited financial statement or verified financial statement, the department shall exclude all intangible assets and assets the department determines to be of doubtful value and may also exclude nontrade notes; accounts receivable from officers, directors, employees, partners, or stockholders or from members of their families; and notes and accounts receivable from parent organizations, subsidiaries, or affiliates if the department determines them to be of doubtful value.

(4) An applicant for a license that has not been in the business of receiving milk during the preceding 12 months shall only provide a security device other than an audited financial statement for at least the initial 12 months of licensed operation. At the end of the initial 12-month period, the department may allow the dairy plant to utilize an audited financial statement as a security device if the statement meets minimum liquidity requirements of this subsection and if the dairy plant is otherwise in compliance with this act.

**History:** 2001, Act 267, Eff. Feb. 8, 2002.