



Handling the COVID-19 Disruption for Cannabis & Hemp

Armanino Overview



PURPOSE

To be the **most innovative** and **entrepreneurial** firm that makes a **positive impact** on the lives of our **clients, people and communities.**

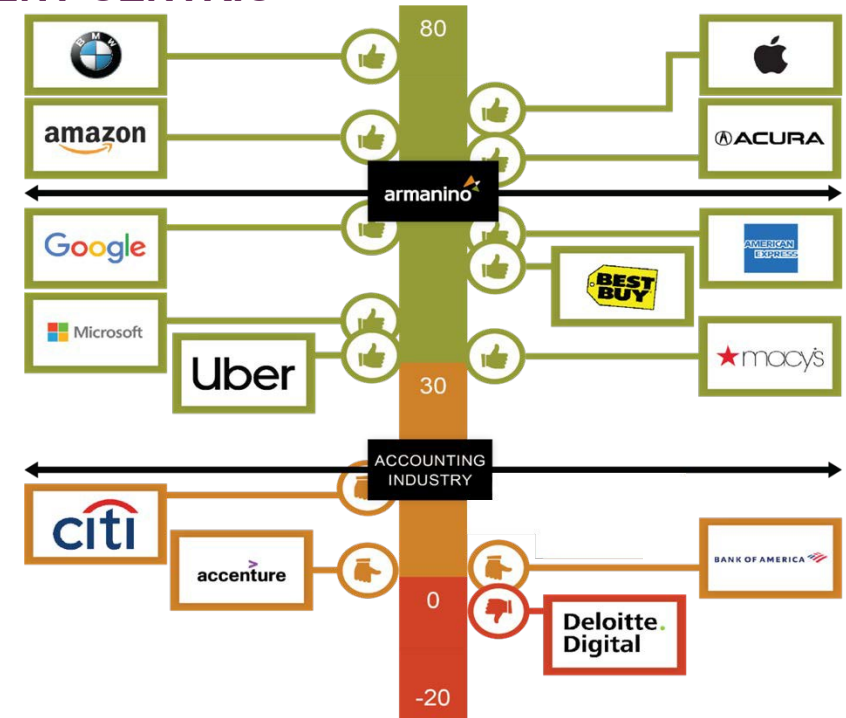


SNAPSHOT

- 20th Largest CPA & Consulting Firm
- 1,500+ Employees
- Holistic, Full Service Firm:
 - Tax & Audit
 - Business Outsourcing
 - CFO Advisory
 - Strategy & Transformation
 - Technology Consulting
 - SOX, SOC, Cyber & Privacy
 - Communications, PR & Media
 - Restructuring / Reorganization
 - Data Analytics & Artificial Intelligence



CLIENT CENTRIC



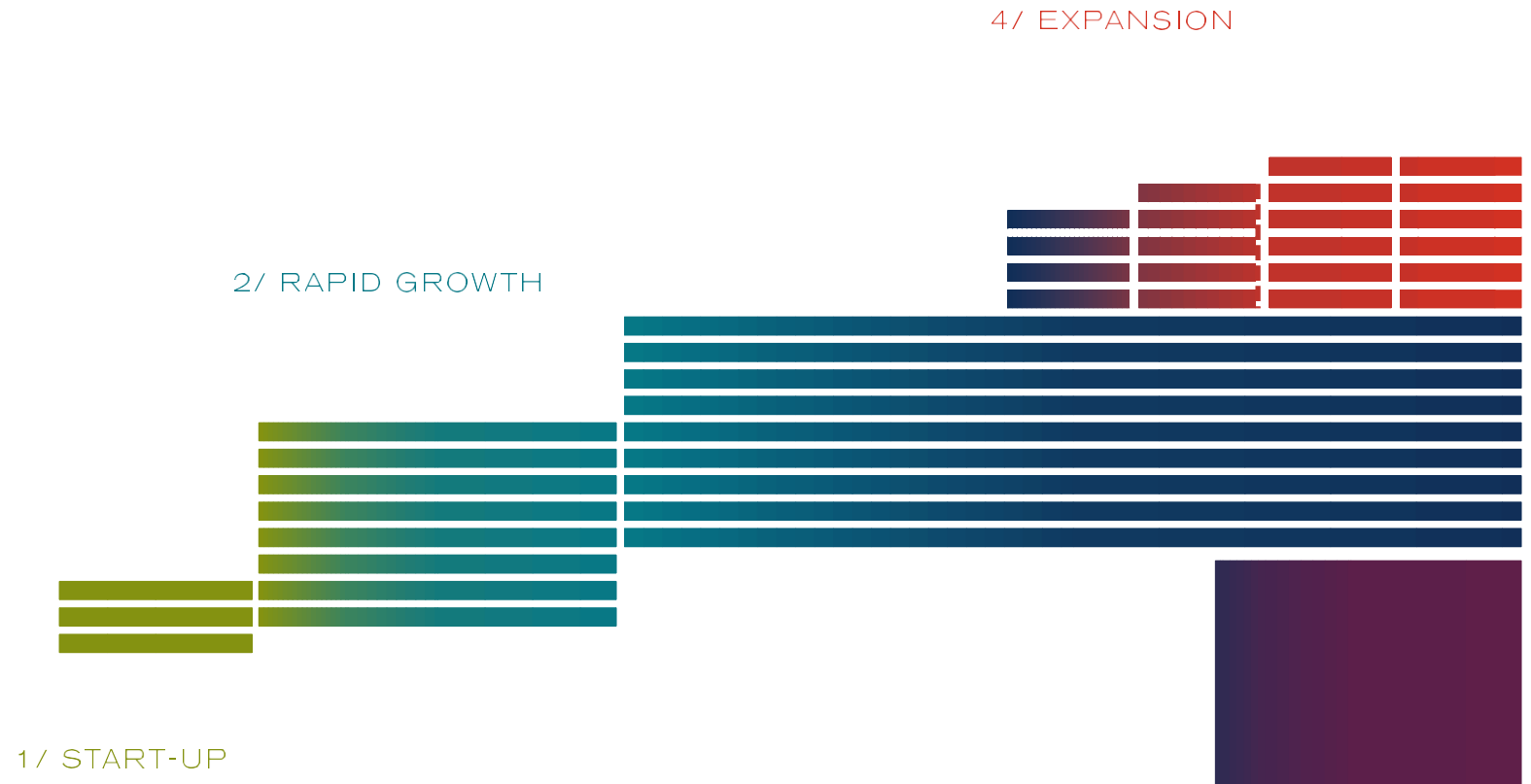
RECOGNITION & AWARDS



Helping Companies at Every Stage of their Life Cycle

The life cycle of a company can be said to have five broad stages, each with its own set of challenges and opportunities.

Armanino has Audit, Tax & Consulting experts to assist at every stage.



Cannabis Services



Audit

- ✓ Audit Procedures
- ✓ Financial Statement Audits
- ✓ Reviews and Compilations



Tax

- ✓ Corporate Tax Outsourcing
- ✓ Individual Tax Planning
- ✓ International Tax Services



Consulting

- ✓ Business Application
- ✓ Business Outsourcing Services
- ✓ CFO Advisory
- ✓ Technology / Cloud Solutions
- ✓ Strategy and Transformation



Risk Assurance and Advisory

- ✓ Cybersecurity
- ✓ Internal Audit
- ✓ Compliance

Today's Presenters



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Webinar Overview

01

CARES ACT

✓ Address the government aid benefits available for both cannabis and hemp companies

02

HR Considerations

✓ Manage HR needs including furloughs, productivity and remote workforce enablement

03

Internal Controls and Cybersecurity

Mitigate risk for your company.

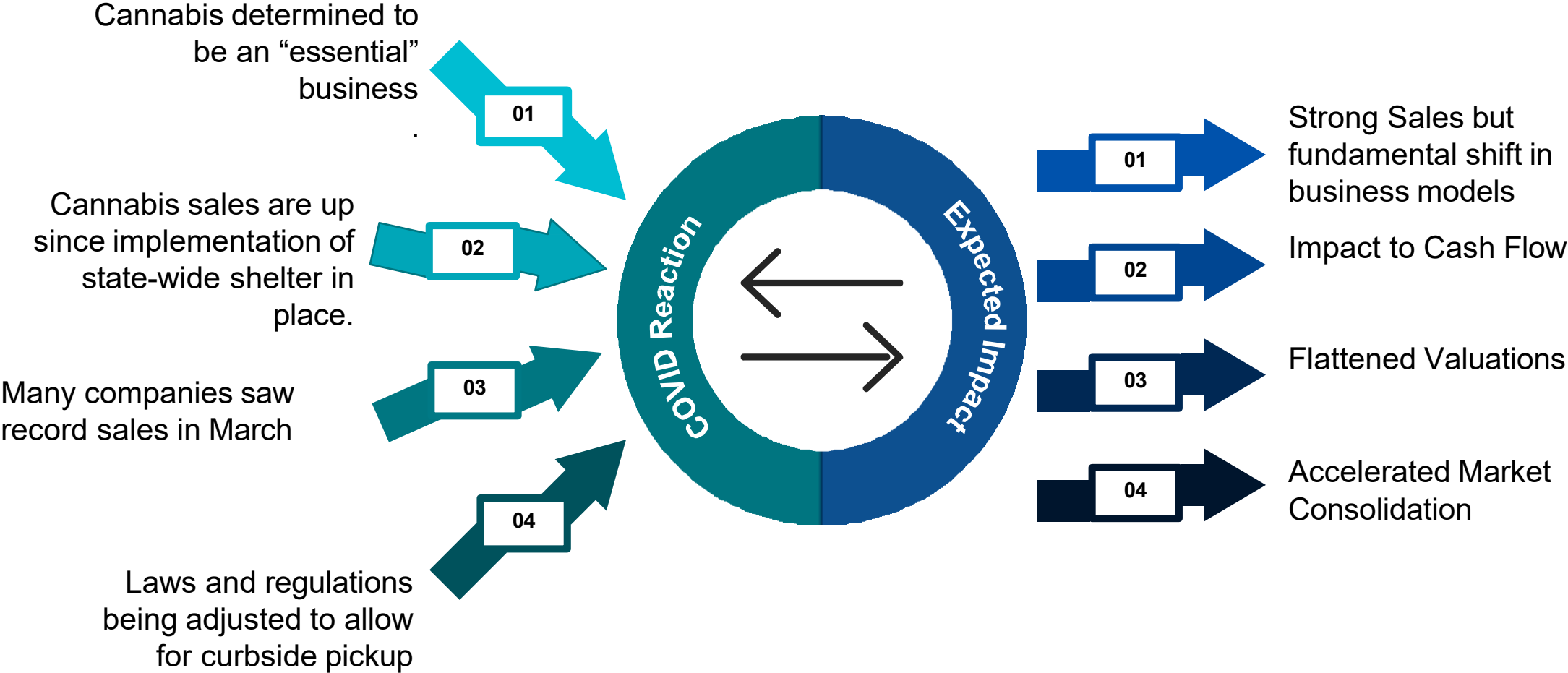
04

Building a Future-Ready Organization

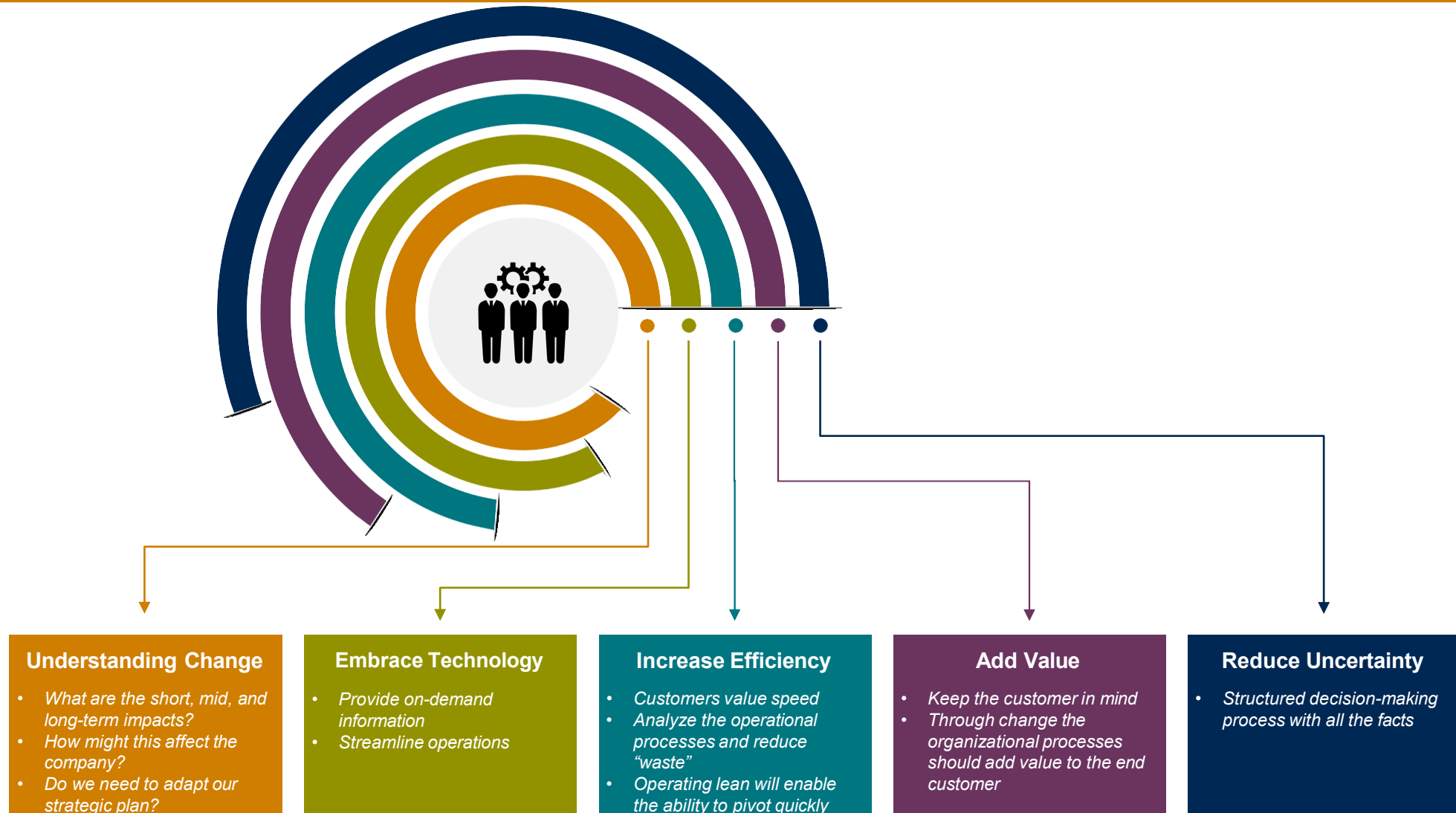
✓ Enable your team to be future-ready through technology and collaboration tools



COVID-19 Impact on Cannabis Industry

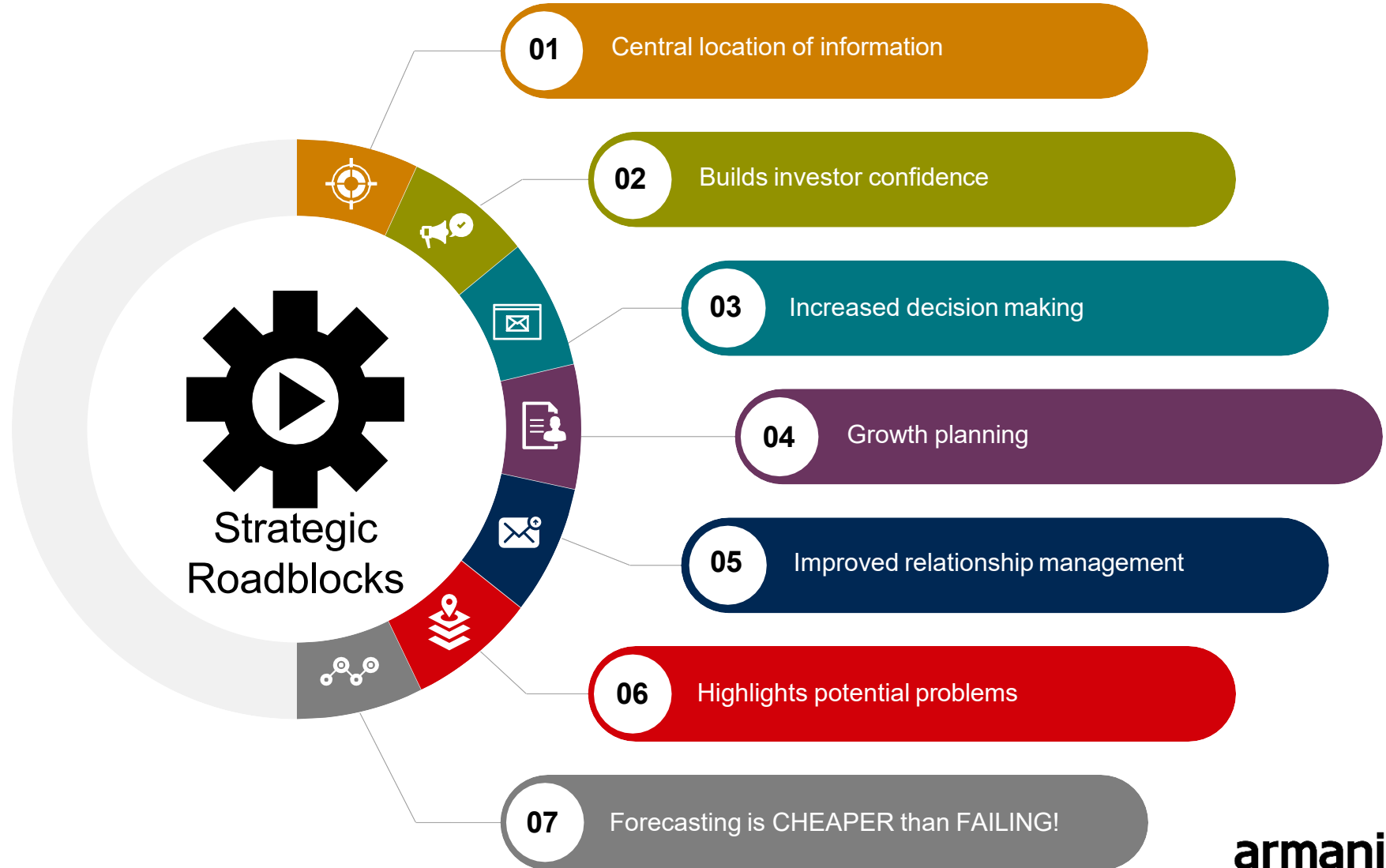


Ability to Adapt to Change

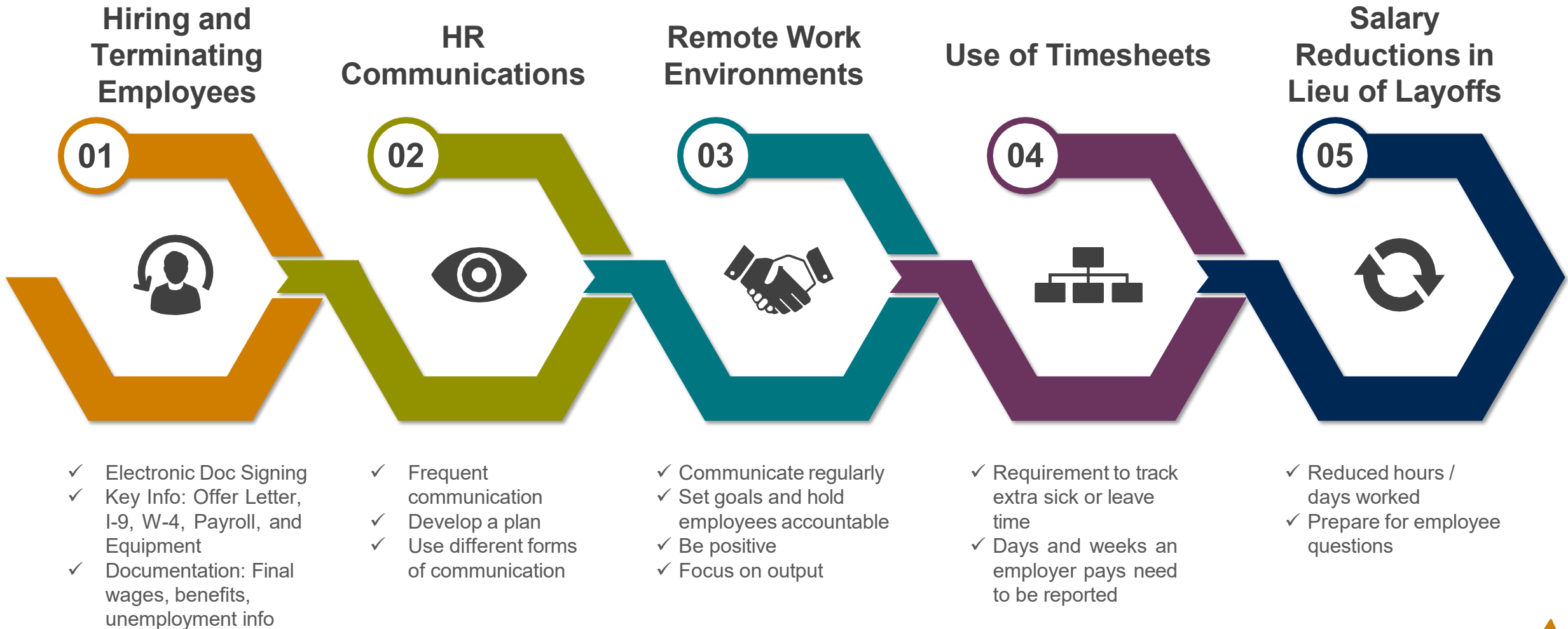


Cash is (Still) King

Benefits of having an accurate and updated Cash Forecast



Handling HR Matters



Relief is on the way?

- Or is it?
- Impact of the recently passed CARES Act



Federal Tax Benefits Available to Cannabis and Hemp Companies

Aid Package/Tax Benefit	Cannabis	Hemp
<p>Paycheck Protection Program (PPP) Loan: Eligible companies can apply to borrow up to 2.5 times their average eligible monthly payroll costs, up to \$10 million, and interest rates on the loans will not exceed 1%.</p>		✓
<p>NOLs: Net Operating Loss (NOLs) can be carried back to allow losses from 2018, 2019 and 2020. In addition, these losses can be carried back for up to five years.</p>	✓	✓
<p>Family First Program: The Families First Coronavirus Response Act (FFCRA) temporarily extends and enhances policies relating to family and medical leave for employers with fewer than 500 employees.</p>	✓	✓
<p>Employee Retention Credit: A reimbursement of wages if you meet certain requirements to keep your employees during the qualification period.</p>	✓	✓
<p>Deferral of Social Security Payments: Ability to defer the 6.2% employer portion of Social Security tax for the period starting March 28 through December 31, 2020. This deferred tax amount will then be paid back over 2021 and 2022.</p>	✓	✓
<p>Qualified Improvement Property (QIP): QIP has been restored to 15 year life. Allowing for 15 year bonus depreciation to be taken.</p>	✓	✓
<p>Deductibility of Interest Expense: For 2020, all businesses may utilize the 50% of ATI limit and may elect to use 2019 or 2020 ATI for this calculation.</p>	✓	✓
<p>Corporate Minimum Tax Credit (MTC) is Accelerated: The CARES Act allows corporations to claim 100% of AMT credits in 2019. It also provides for an election to take the entire refundable credit amount in 2018.</p>	✓	✓
<p>Delayed Payment of Social Security Taxes: A deferral of making payments until December 31, 2020.</p>	✓	✓

Internal Controls Impact

01 **Baseline Compliance Activities**

02 **Employee Training, SOP's, etc.**

03 **Maintaining Licenses**

04 **Systems properly support
Track and Trace Requirements**

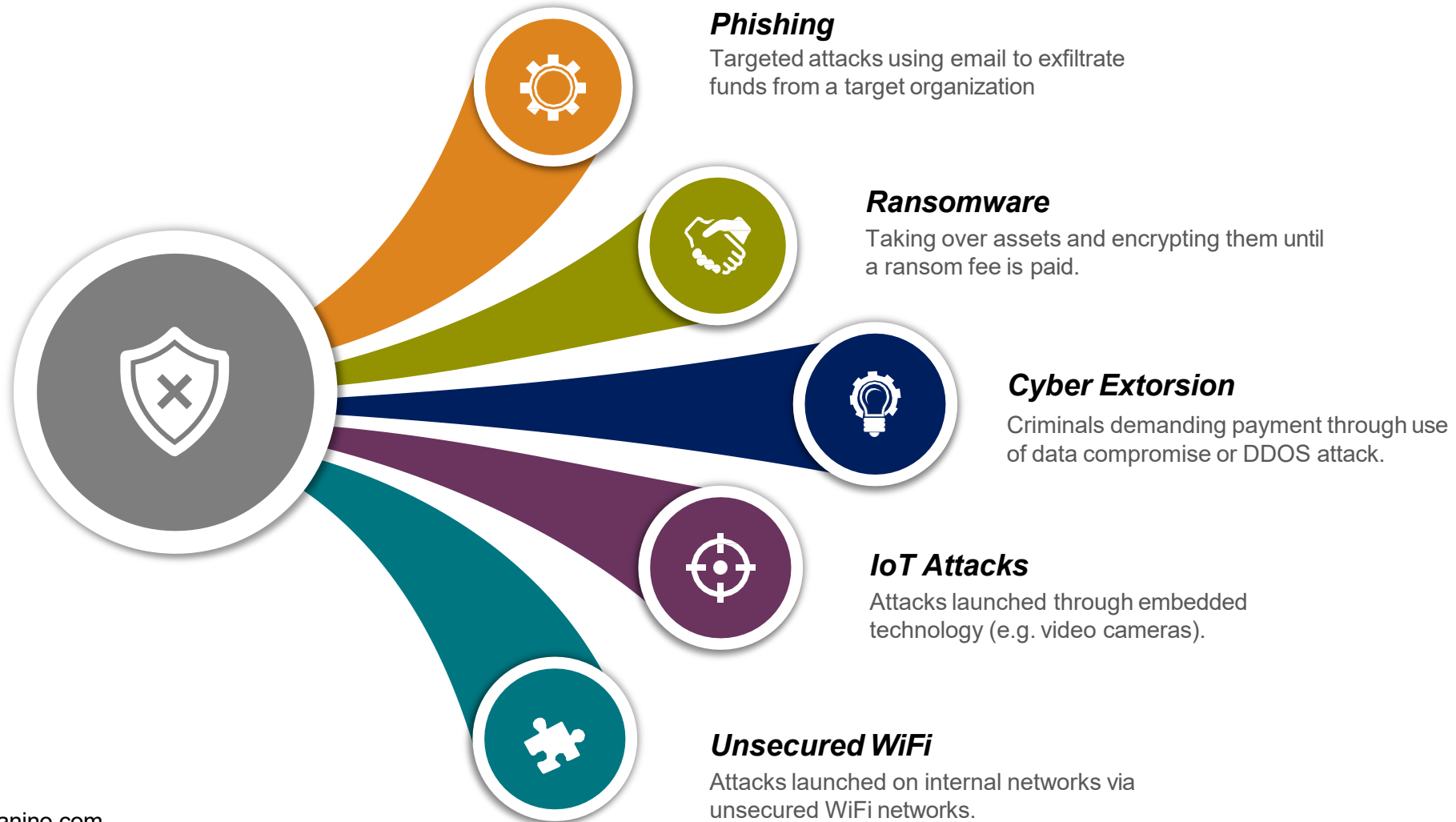
05 **Up to Date Policies and Procedures**

06 **Sales & Use Tax**

07 **Records Retention**

08 **Change in Business Structure**

Cybersecurity Considerations



Establish a Strategy

Learning & Growth

To Reach Its Vision, How Is The Entity Likely To Sustain Its Capacity To Change & Improve?

Financial

To Succeed Financially, How Should The Entity Appear To Their Stockholders?

Customer

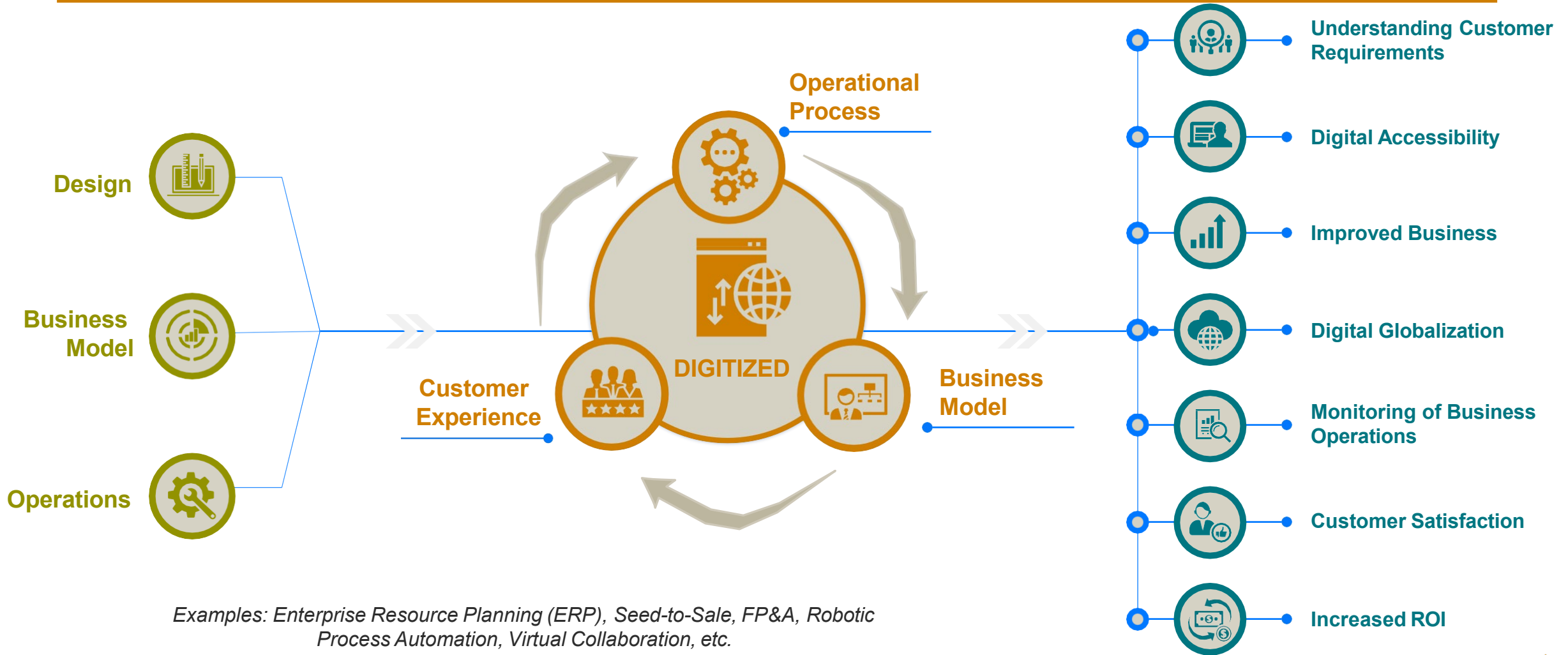
To Reach Its Vision, How Should The Entity Appear To Their Customer?



Internal Processes

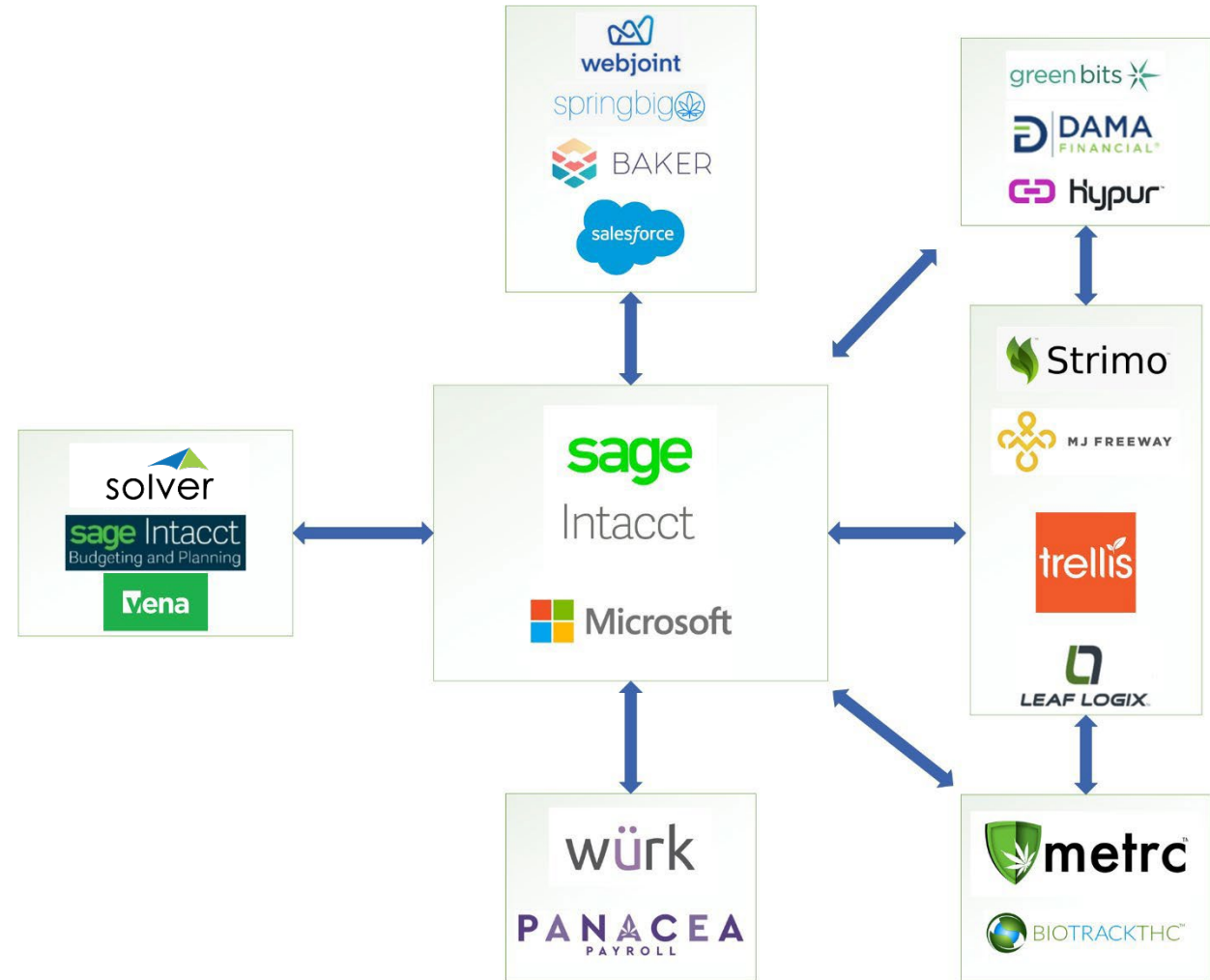
To Satisfy Their Stakeholder, What Internal Processes Should The Entity Master?

Be Future Ready – Digital Transformation



Systems and Integrations

- Example output of Digital Transformation
- Value to Company
 - Streamlined operations
 - Data as an Asset
 - Reliable, On-Demand reporting
 - Eliminate waste



In Closing

- ✓ Today we have discussed:
 - ✓ Government benefit aid benefits available
 - ✓ HR considerations
 - ✓ Risk Mitigation measures companies should evaluate
 - ✓ Enabling your team to be future-ready through technology and collaboration tools



THANK YOU FOR ATTENDING!
Contact Us at Experts@armanino.com

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