



CANADIAN PUBLIC ACCOUNTABILITY BOARD
CONSEIL CANADIEN SUR LA REDDITION DE COMPTES



Cannabis: Taking Stock of the Industry

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PRESENTER:

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Agenda

- Who Are We: A Refresher
- The Cannabis Industry in Canada
 - Lessons Learned: Inspection Themes
 - What Should Directors Know?
- Changes in Auditing Standards
- Questions?



Who Are We: A Refresher

- Inspections
- Thought Leadership
- Stakeholder Engagement
 - Ongoing Audit Quality Indicators Initiatives
 - Industry and other forums
- To execute impactful inspections and make recommendations that better identify root causes and quality processes.
- To provide meaningful thought leadership through practical tools and information.
- To promote audit quality, protect stakeholders and advance developments in global audit regulation. We engage with our international counterparts, provincial securities commissions, the AASB and continue to be active in IFIAR.

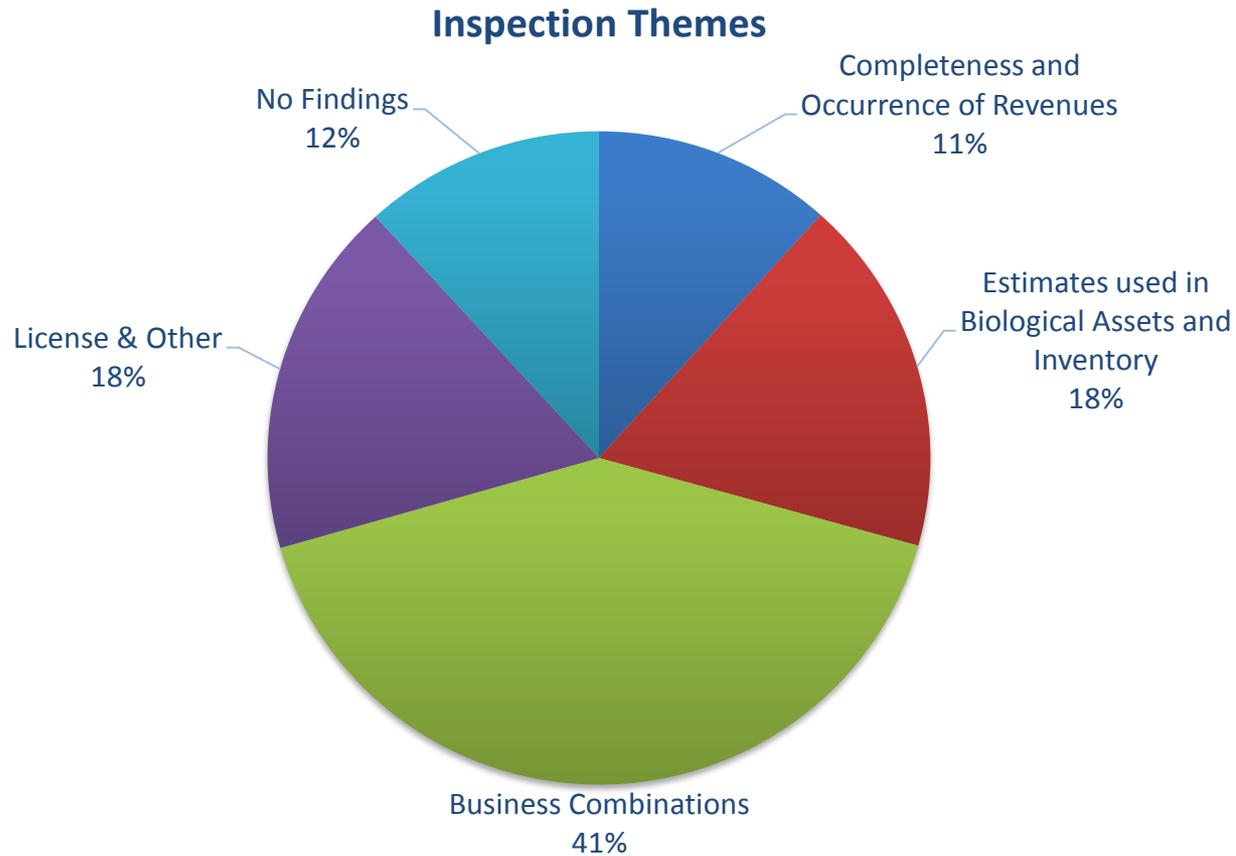
The Cannabis Industry in Canada

Source: <https://www.newcannabisventures.com/canadian-cannabis-lp-index/#more-info>



The Cannabis Industry in Canada

Lessons Learned: Inspection Themes





The Cannabis Industry in Canada

What Should Directors Know?

- Uncertainty and risk around the valuations of cannabis companies involved in private placements, RTOs & IPOs (unproven business plans).
- Cross border concerns (US and CAD):
 - Employees and investors in cannabis companies will generally be allowed to enter the United States if not on cannabis-related business.
 - May no longer be able to obtain or hold cards that speed up border crossings.
- CEO/CFO Certification and Indemnification Agreements (Directors and Officer Insurance).
- Safeguards to manage activities and operations in the US.
- Consider a skills matrix to ensure the appropriate experience among the directors.

Changes in Auditing Standards

For a full list of standards and its changes, please visit the AASB's website.

Listed here are select auditing standards (new or changed) with effective dates beginning December 15, 2018 and 2019. Some of the more significant changes are as follows:

- **CAS 250**, Consideration of Laws and Regulations in an Audit of Financial Statements, deals with the auditor's responsibility when they become aware or **suspect non-compliance with laws and regulations** (NOCLAR).
- **CAS 700**, Forming an Opinion and Reporting on Financial Statements, for **TSX listed entities** and one year later for all other listed entities*.
- **CAS 701**, Communicating Key Audit Matters in the Independent Auditor's Report deals with the auditor's responsibility to **communicate key audit matters** in the auditor's report.
- **CAS 540**, Auditing Accounting Estimates and Related Disclosures, provides a requirement for enhanced risk assessment and stand-back procedures to be performed and disclosures to be reasonable.

**Investment Funds excluded.*



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Thank You