

OTC Markets Advisor Insights Podcast

Integrität

Season 3 | Episode 7

- OTC Markets: From OTC Markets' global headquarters in New York City, you are listening to Advisor Insights, where we feature professionals that will address the issues that affect the small-cap companies that trade on the OTC Markets.
- So joining us today is Cicely Parada, Managing Member of Integrität Audit, Accounting & Advisory LLC. Cicely welcome to the podcast.
- Integrität: Thank you Matt, thank you for inviting me.
- OTC Markets: Absolutely, It's good to have you. So to get started, I always like to ask- can you provide some background on yourself and how Integrität came to fruition.
- Integrität: Of course so Integrität started as a concept as I began my profession in public accounting. First I started with a big top with a big 4 firm in Santiago, Chile and then I continued on with a big 4 firm in Florida and then I moved to um, two smaller public accounting firms in Florida and that's where all of the different expertise all of the skills and the organization of the firm actually came to fruition. At the smaller firms I used all of the resources that were high from my past and I started to so visualize what Integrität would be.
- OTC Markets: And you know can you give some background on the services that you currently offer to companies as well as any you know niches you may serve whether it's market caps or specific industries.
- Integrität: Yes, of course so we've started in March of 2019 and since that date we've been progressively building a portfolio of clients. We service we provide assurance services which are audits and reviews for private companies, publicly traded companies and for nonprofits. The private and public company audits are they are in US GAAP in accordance with the ICPA or the PCAOB and the IFRS audits that we provide they in accordance with the Canadian board of accountancy were registered with the CPA Ontario we're also registered with CPAB which is the Canadian Public Accountability Board. So we provide audits and we provide accounting and technical accounting advisory services for those companies.
- OTC Markets: And any specific, do you work in the micro cap space the small cap space. All the above.
- Integrität: Yes, we work in the micro cap space and the industries that we service to date have been the software as a service industry the SaaS industry the insurance broker and provider of membership Insurance Coverage. That's an industry marketing and sales real estate entertainment such as movie rights and entertainment venues sellers of bonds exempt from Securities Act section 4 A2, crypto mining and trade Beauty products. Manufacturing and online sales Cannabis growing biomass um production and online sales of Cannabis products.
- OTC Markets: So it's safe to say you touch a little bit of everything.

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- Integrität: Yeah, everything That's really popular right now.
- OTC Markets: Ah, well, that's good. That's good to hear it sounds like you'll never have an issue getting clients anywhere because you know you're you're so broad and in your in the space that you serve so Cicely. Let's talk about SCC Rule 15c2-11.
- Ah, the rule establishes the requirements for companies to have a public market by governing a broker's ah ability to submit or publish quotations I e bids and offers in OTC securities and trading systems such as our very own OTC Link ATS. Can you talk about how Integrität helps companies with their financial disclosures in becoming current under rule 15c2-11
- Integrität: Of course so under this rule. The amended rule enhances disclosure and investor protection in the OTC market. It requires the brokers can publish quotations issuers securities when current issuer information is not publicly available in both brokers cannot publish quotations when the issuer's financial information is not available. Integrität we provide assurance services as it relates to the required financial statement disclosures that. Are um, that are needed for OTC disclosures. We provide financial statement audits for annual reporting financial statement reviews for interim reporting. We also provide accounting financial statement preparation for our non-assurance clients and technical accounting advisory services ensuring companies can account for and can recognize um, assets liability use revenues expenses in accordance with a ICPA and PCAOB standards.
- OTC Markets: And you know moving on our listeners are always curious to hear about hot industries such as Cannabis and crypto and you did say that you do work in that space. Can you advise companies in the financial formation of. Cannabis or crypto companies or companies that offer legal securities that can be traded by a Us broker dealer offering exposure to digital assets is there anything you can advise these companies to focus on in their accounting and or reporting formation.
- Integrität: Yeah, so I have 4 tips for cannabis companies one hire an accountant that is well versed in the industry. There are specific rules under accounting under the Aicpa and under reporting. That is specific to your industry that's specific to cannabis when it comes to valuation um rules for the industry cannabis manufacturing Erp software. Be sure to choose a good yeah erp software that is fitting for your industry. Do regular self audits to identify areas that needs improvement to stay in compliance remain compliant with your state and federal laws by maintaining a relationship with local cannabis regulators a great resource on compliance requirements is www the cannabisindustry dot org. They really try to post updated guidelines for the cannabis industry. So. It's very helpful.
- OTC Markets: And what about what about crypto companies or digital assets is there anything you can advise them on their to focus on in their accounting and reporting.
- Integrität: Yes, so cryptocurrency it's an evolving industry and the AI CPA has a lot of non-authoritative guidance that they've been trying to develop every year and there was a recent issuance of the guide for digital assets that came out in June of 2022 and so these are some considerations that accountants in the crypto industry should take and should research intangible assets. Understand that crypto assets are not considered cash, are not considered investments. They're considered intangible

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assets. So review the icpa's practical guidance on this that was recently issued and it talks about how you should treat and value these assets as intangible assets. For instance, the fair value would only be recognized when you receive crypto in the revenue transaction and the cost of crypto is recognized when you purchase crypto and you would not appreciate the cost of the crypto asset. You would only depreciate it or impair it if that value has gone down and that's not reversible. There are so many little quirks and rules that are specific to crypto assets that are non authoritative at the moment. But it's the trend of what's acceptable until the authoritative guidance is issued.

OTC Markets: Now Cicely we just talked about cannabis and cryptos and I'm going to go back to cannabis for a second. Um, you know you talked about some tips that you may have for these cannabis companies but they clearly do run into a lot of auditing and accounting challenges. How do you and Integrität, how do you focus on those challenges and how do you help address these challenges to these cannabis companies.

Integrität: Yeah, financial reporting can be especially difficult for cannabis businesses for a number of reasons. One, harvest dates and how they fall within the reporting period and the valuation of the crop when prior to harvest, after harvest, after it's dried. When does the crop become a commodity and is valued at fair value. So these considerations are a challenge to any accountant in the field fluctuations in the market price throughout the reporting period state differences in the fair value of the cannabis, of the cannabis commodity of the dried hemp product. The value or yield of cannabis. Not harvest it ongoing regulation changes and changes in the state and federal laws and I would advise that anyone in the industry. Please follow the political climate. Because that is determining a lot of changes that would affect reporting and would affect the valuations.

OTC Markets: Great. Thank you very much for all that and Cicely last but not least can you give our listeners any idea on how to contact you whether social media or your website or email or perhaps even call you directly.

Integrität: Yes, so we're on social media, feel free you can go to www.integritatcpa.com and you can contact us through our contact page. You can also reach us through LinkedIn you can reach us through my LinkedIn page Cicely Parada or through Integrität CPA LinkedIn Page you can also find us on Instagram and Facebook.

OTC Markets: All right, Cecily. Thank you very much for joining us.

Integrität: Thank you, Matt.

**This is an autogenerated transcript and may contain typos.*