



**ARIZONA  
CANNABIS  
TAX AND ATTEST  
SERVICES**

TRUSTED ADVISORS DEDICATED  
TO GROWING SUCCESSFUL  
ARIZONA CANNABUSINESSES.



**PRICE KONG**

CPAs • CONSULTANTS

[www.pricekong.com](http://www.pricekong.com)

# WE KNOW CANNABIS.

The legalization of medical and adult-use marijuana in Arizona caused the cannabis industry in the Grand Canyon state to flourish. The limited number of licenses released by the Arizona Department of Health has led to fierce competition, and evolving regulations and reporting requirements add to the challenges owners and investors already face managing their cash heavy businesses.

Today's cannabusinesses need more than just traditional accounting and tax services. They need trusted advisors that can assist with financial growth, mergers and acquisitions, cost accounting, compliance reporting, and strategic planning.

Price Kong has been representing the cannabis industry in the United States and Canada for over a decade. We provide high-quality tax, assurance, consulting, and compliance services to a wide range of cannabusinesses, including cultivators, processors, warehouse and distributors, transporters, dispensaries, and retailers.

Our clients range in size from "mom and pop" shops to large, publicly traded companies with multiple locations throughout the United States and Canada. We also assist clients with setting up new ventures to ensure the best tax structure for their business. Our in-depth knowledge and industry experience, coupled with our commitment to the success of our cannabis clients, is what sets Price Kong apart from other accounting firms.

Let Price Kong help with your finances so you can focus on your clients and growing your business.

## 2013

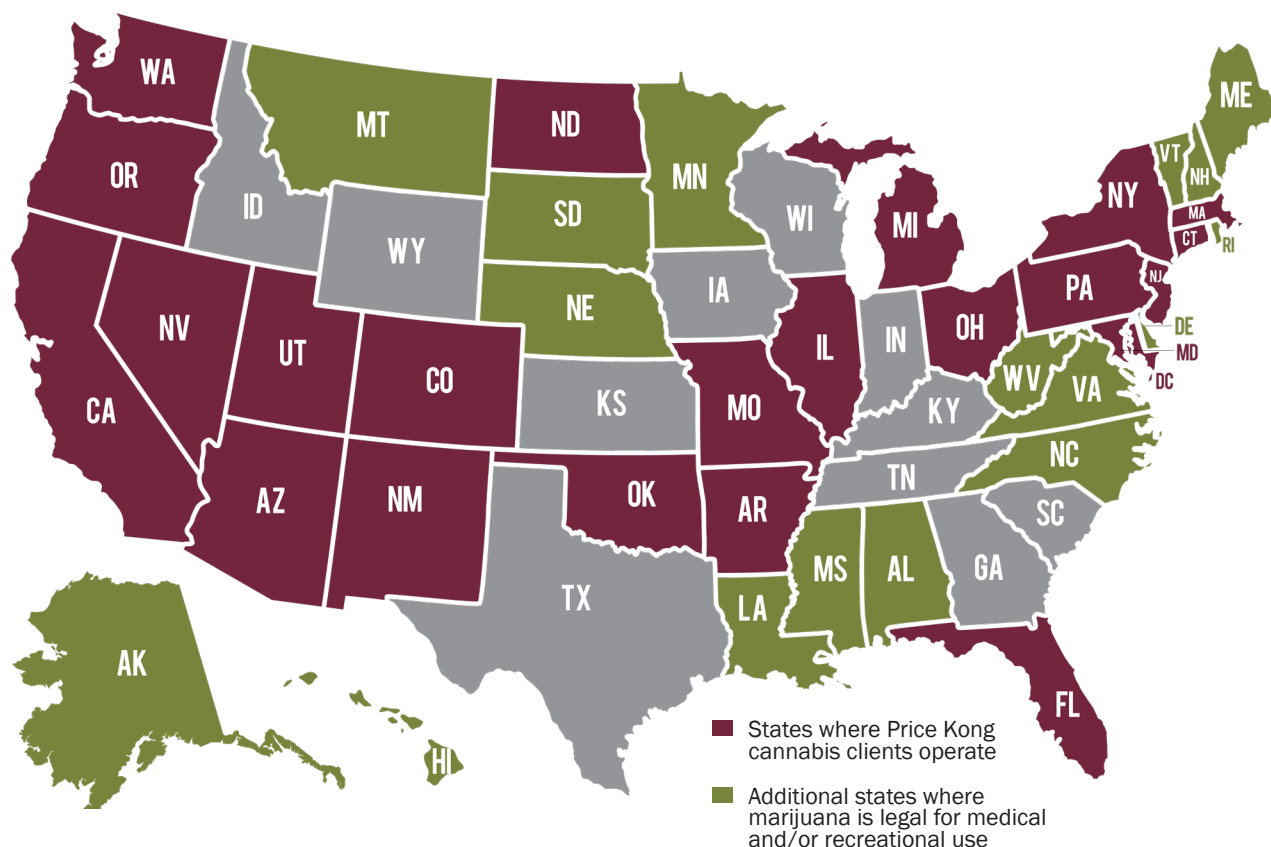
**THE YEAR PRICE KONG BEGAN ASSISTING THE MEDICAL MARIJUANA INDUSTRY** in Arizona.

## 70+

**NUMBER OF PRICE KONG MARIJUANA INDUSTRY CLIENTS** in Arizona, including dispensaries, cultivators, manufacturers, and other ancillary businesses.

## 10 06 21 08 05 22

**DUE DATES FOR ALL DUAL LICENSEES THAT CHOOSE TO OPERATE ON A NOT-FOR-PROFIT BASIS OR MEDICAL MARIJUANA ONLY LICENSEES** to submit an audited financial statement by an independent certified public accountant licensed in the state of Arizona. Reports must be submitted 30 days prior to the due date of dispensary registrations certificate renewal. Due dates are dependent on the year the initial license was issued.



# TAX AND ATTEST

Arizona cannabis businesses are faced with unique tax challenges. Tax law in general can be confusing, but conflicting federal, state, and city tax requirements and regulations make managing a successful, compliant business all the more difficult. Whether you are established or just starting out, Price Kong can help ensure your business is a legal, tax-paying entity. Our tax strategies take into consideration all resources available to optimize deductions and minimize your tax liability, while ensuring 280E compliance.

Price Kong also assists with IRS matters, including filing back taxes, resolving 280E compliance disputes, minimizing tax penalties, negotiating installment agreements and payment plans, interpreting and responding to IRS notices, and settling payroll tax issues.

When renewing a dispensary registration certificate, the Arizona Department of Health requires that, 30 days before the current license is due to expire, all dual licensees operating as a not-for-profit or medical marijuana only licensees submit an audit of their annual financial statement. Due dates are dependent on the year the initial license was issued.

Those audits must be conducted by an independent CPA that meets both Arizona Department of Health and American Institute of Certified Public Accountants (AICPA) requirements. Price Kong is licensed in Arizona and available to assist with all types of audits, as well as other attest services aimed at protecting and growing your business.

## TAX PREPARATION, PLANNING AND COMPLIANCE

- Individual and business federal, state, and city tax filings
- Sales and excise tax
- IRS Section 280E compliance
- Records management
- Cost allocation and cash maintenance
- Proper allocation of expenses

## ATTEST

- Audit of Annual Financial Statement (AFS) report compliant with Arizona Department of Health requirements (for dual licensees operating as a not-for-profit or medical marijuana licensees)
- CPA capitalization attestation for license pre-qualification
- Financial statement reviews
- Inventory and financial audits

# ACCOUNTING AND CONSULTING

Many cannabis businesses fail to implement sound accounting practices, which leads to inefficiencies and potential issues. Our accounting services include bookkeeping and financial reporting that are GAAP cost compliant. You will be assigned a dedicated professional that will learn your business and help implement sound accounting processes and best practices.

Additionally, Price Kong offers a number of consulting services designed to help you manage a profitable business while minimizing risk. We have spent thousands of hours researching and studying the cannabis industry and the many complexities that affect it. As a result, we have designed proprietary time and money-saving models, strategies, and processes that have been implemented at cannabis businesses throughout the United States and Canada.

## ACCOUNTING

- Bookkeeping and financial record keeping
- Monthly financial reports
- Accounting software support and consultation
- Inventory management and seed-to-sale tracking
- Data entry of receipts and revenue
- Balance sheet and bank reconciliations

## CONSULTING

- Corporate restructuring
- IPO, merger, acquisition, and disposition due diligence and readiness
- Outsourced CFO/Controller
- Internal controls
- Forensic accounting
- Fraud assessment and risk management
- Cost accounting standards and processes
- Accounting policies and procedures
- Budgeting and forecasting
- Cash flow analysis and processes
- Profitability strategies
- Exit strategy and succession planning
- Expert witness testimony and litigation support

## BUSINESS START-UP

- Entity selection
- Accounting software implementation
- Federal, state, and city tax compliance
- Budgeting and strategic tax planning
- Cost allocation and cash maintenance
- Outsourced CFO

# CANNABIS TAX AND ATTEST TEAM



**TROY GRIFFITH, CPA, Audit Partner**  
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Troy serves as the attest partner on all cannabis engagements. He earned his CPA license in 2013 and has worked in public accounting since 2009. He joined Price Kong in 2014 and has been instrumental in growing the firm's Cannabis Services group.

Troy was largely responsible for developing and implementing audit methodologies specifically tailored for the unique compliance and reporting issues cannabis businesses face. He is substantially involved in all cannabis client audits and has an intricate understanding of dispensary operations, controls, and metrics. Troy also works closely with the tax team and clients to consult on 280E allocations and methodologies. Troy ensures all client financial reviews and audits are completed in accordance with required auditing standards and individual state compliance regulations. In addition to attest services, he consults with companies on unique GAAP rules and implementations, potential M&A transactions, IFRS reporting, due diligence requests, and operational controls.



**LIXUN TANG, CPA, Senior Audit Manager**  
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LT is a certified public accountant (CPA) with over 15 years of experience in public and corporate accounting. His practice is focused on providing clients with audit, review, and consulting services. LT has in-depth knowledge and experience in corporate

accounting, internal controls, and fraud detection and prevention, as well as litigation support through forensic accounting and data analysis. He serves clients in a wide range of industries, including small business, agriculture, non-profit, and financial institutions. The majority of his clients have annual revenues of \$2 million to \$115 million. Prior to joining Price Kong, LT worked in-house as a controller at a cabinet manufacturer. There, he advised the company on significant changes related to integration and implementation of a new accounting system, aligning operations with finance, providing accurate cash flow projection, and budgeting. LT graduated from University of Illinois at Urbana-Champaign with a Masters and Bachelors in accounting. He is a member of the Arizona Society of CPAs (ASCPA) and the American Institute of Certified Public Accountants (AICPA).



**GARY ROSS DIETRICH, CPA,**  
Managing Partner  
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Ross is recognized as an audit and accounting expert in the cannabis industry. He has over 20 years' of audit experience in public accounting, with specializations in for-profit, governmental, and non-profit

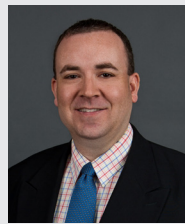
accounting and auditing. Ross has worked closely with the Arizona Auditor General's Office and performed numerous financial statement audits, employee benefit plan audits, and single audits during his career. He earned his accounting degree from the University of Michigan in 1997. He is a member of the Arizona Society of CPAs and the American Institute of Certified Public Accountants.



**MELISSA HARRINGTON, Tax Supervisor**  
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Melissa began her career in public accounting in 2005. Since joining Price Kong in 2015, she has devoted hundreds of hours of study and research to the tax, accounting, and reporting matters and complexities facing companies in the cannabis/hemp industry.

Today, she works almost exclusively in this industry, and is widely recognized (in Arizona and beyond) as a subject matter expert in cannabis business tax compliance, tax strategy, tax advisory, mergers & acquisitions, consolidations, and business formation. Melissa's personal study of the medicinal benefits of cannabis began in 2003, soon after she lost her father to cancer. In addition, the medicinal benefits of cannabis was the topic of her Master's thesis and a White Paper she subsequently published in a school periodical. Melissa is a member of several local and national cannabis and hemp industry groups, and a regular participant at state and national industry conferences.



**SPENCER L. BUNN, CPA, Tax Manager**  
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Spencer Bunn has 13 years of tax and accounting experience. He joined Price Kong in 2013 and, as a manager of the firm's tax department, supervises a multidisciplinary team of professionals to facilitate client relationships and expectations for exceptional

tax services, including federal and state tax return preparation. Spencer applies his extensive knowledge of federal, state, and local tax laws and regulations to ensure individuals and businesses are compliant, while providing sound tax strategies and solutions to tax issues. He is also experienced in tax controversy, assisting clients involved in federal tax disputes and compliance issues with the IRS. Spencer also has knowledge and experience specific to numerous industries, including cannabis. He closely follows the unique tax issues related to this industry and has represented multiple dispensaries in IRS examinations and collection actions. Spencer is a member of the Arizona Society of CPAs and the American Institute of Certified Public Accountants. He regularly presents and writes articles on tax and accounting topics. Spencer earned an accounting degree from the University of Arizona in 2007, and became a certified public accountant (CPA) in 2015. Outside the office, he enjoys vacationing with family, bowling, and participating in church activities.



# ABOUT US

Price Kong was established in Phoenix in 1967. Since then, our team has grown to 50 professionals and includes seventeen CPAs. The depth of our audit and tax practices allows us to provide services to clients in numerous industries, of a wide-range of sizes, and with revenues ranging from \$1 million to over \$500 million.

Price Kong is committed to providing personalized service and advice to our clients. Our full range of accounting and consulting services enables us to assist clients with understanding their unique situation and ensure they receive expert support, regardless of the engagement or project.

We are members of the “Private Companies Practice Section” of the AICPA. Our membership ensures that we evaluate our practice annually and have an outside peer review every three years.

## SERVICES

- Tax Compliance
- Tax Strategy
- Audit
- Review and Compilation
- Forensic Accounting
- Technical Accounting Services
- Interim CFO and Controller Services
- Business Valuation
- Treasury and Capital Management
- Financial Analysis

## VALUES

- Providing high quality auditing, accounting, tax, and business advisory services
- Contributing to our community and the accounting profession
- Growing and maintaining our local identity and personal relationships with clients and business partners that are the foundations of our practices
- Providing high quality and timely service

# PRICE KONG ADVANTAGE

Our firm differentiates itself from other accounting firms in the following ways:

- Our size ensures that you will receive the attention you deserve, and that all of your needs will be accommodated. Our audit and tax team members are in constant communication with our clients to address potential audit and accounting issues before they arise.
- Partner and manager involvement with our clients is how our practice has grown. We are committed to partner and manager involvement on all our engagements. We meet frequently with our clients to learn about changes in their business and provide guidance. Your engagement manager coordinates the planning, fieldwork, and reporting aspects of the engagement, while being closely supervised and supported by the engagement leader.
- You will have consistent personnel on your engagement. Our personnel are more experienced than other firms, and this experience benefits you with efficient service and suggestions for improvement. We do not have a rotation policy for any staff level, as we believe continuity is a significant benefit to our clients.
- Price Kong is a member of the Allinial Global Network, a group of 100 firms in the United States and Canada, and 300 firms worldwide. This network allows us to draw on the experience of professionals around the nation, and when appropriate, utilize these firms as an extension of our practice. This gives us a great resource for any unusual projects or issues that might occur.
- In addition to direct communication with our clients on a regular basis, we keep our clients informed of changes that may affect them, not only related to tax and audit, but legal and financial as well.