



A Short Guide to Ethics

And Our Firm's Interpretations



LEACIF

Accounting and Business Advisory

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Purpose

The purpose of this Short Guide is to communicate LEACIF's interpretations and expectations of ethical concepts and behavior as they relate to engagements with our clients.

By publishing this Guide, we intend to provide information about our firm and its policies, as well as information that may be helpful to our clients and business community.

LEACIF performs engagements subject to quality management standards issued by the AICPA, and participates in the organization's registered Peer Review Program. LEACIF is committed to adhering to the AICPA Code of Professional Conduct, and its relevant ethical requirements for members in public practice.

To learn more about us, or for regular tax and accounting tips and resources, please visit the links below:

[LEACIF.com](https://www.leacif.com)

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Principles of Professional Conduct



Objectivity and Independence:

The principle of Objectivity is the concept of being impartial, intellectually honest, and free of conflicts of interest. Regardless of service or capacity, LEACIF's objective is to protect the integrity of our work, maintain objectivity, and avoid subordination of judgment. The maintenance of objectivity and independence requires a continuing assessment of client and service relationships and public responsibility. We are required to be independent in fact and appearance when providing attestation services.

Integrity:

Integrity is the quality from which the public trust derives and the benchmark against which we must ultimately test all decisions. Integrity requires, among other things, honesty and doing what is right and just. Our service performance, quality, and maintenance of confidentiality will not be subordinated. Upholding integrity requires us to observe both the form and the spirit of technical and ethical standards; circumvention of those standards constitutes subordination of judgment.

Responsibilities:

In carrying out our responsibilities as professionals and service providers, we use sensitive professional and moral judgments in everything we do. This includes in relation to internal policies and processes, engagement onboarding and performance, and our commitment to upholding and communicating our firm's and profession's responsibilities to our clients. We recognize our continuing responsibility to work towards enhancing the traditions of the profession, and carrying out the profession's special responsibilities for self-governance.

Public Interest:

A distinguishing mark of the accounting profession, or any profession, is an obligation to act in a way that will serve the public interest, honor the public trust, and demonstrate a commitment to professionalism. The public interest is defined as the collective well-being of the community of people and institutions that the profession serves. We are committed to providing quality services, and carrying out our responsibilities with integrity, objectivity, due care, and a genuine interest in providing services in this manner to the public.

Due Care:

Due care requires observation of the profession's technical and ethical standards, a goal of continually improving skills, competence, and the quality of services, and discharging professional responsibilities to the best of one's ability. Diligence in performing services carefully and thoroughly, pursuing continuous learning, development, and skill enhancement, and honestly assessing one's own competencies and limitations to service delivery are actions reflective of this principle.

Scope and Nature of Services:

LEACIF considers each principle when designing the nature and scope of services to be provided, and determining whether or not to provide specific services. We also consider relevant quality management components including the design and use of controls relevant to accepting, planning, and performing engagements in accordance with professional standards, and the standards of our firm. We analyze engagement and client-specific characteristics to determine whether or not engagements are appropriately aligned and supportive of our objectives.

Our Core Values



Pursuit of Betterment:

The pursuit of betterment is what inspires us as individuals and entrepreneurs, and ultimately motivates us to reach our goals. We know that best practices continue to evolve after minimum expectations and standards are met. We apply this way of thinking in delivery of services, throughout our internal processes, and, more outwardly, in working towards fulfilling our greater vision.

Accountability:

We believe in being accountable to ourselves and to others through our actions and words. In performing client services, integrated and mutual accountability is our standard. Communication regarding relevant issues, functional expectations, and providing of information must be accompanied by trust and reliability at all levels of a service relationship - both internally and externally.

Passion:

We can summarize passion as 'doing what you love to do because you want to and because you care'. We are passionate about beneficially communicating our professional expertise and continuing to further our professional education and skills. We are passionate about working with our clients to enhance understanding and utility of information affecting their business and strategic goals.

To learn more, visit [LEACIF.com/core-values](https://leacif.com/core-values)

Communication With Our Team

In providing service to our clients, we expect our team members to be treated with respect and value from you and your team involved with our engagement.

Harassment or improper communications, disrespectful actions, or otherwise negative approaches towards our team members will not be tolerated. Additionally, non-productive or repetitive requests for updates, information, clarifications, deliverables prior to previously agreed-upon due dates, or any other requests by email, phone call, or other communication method that may be considered harassing in nature are not acceptable.

We do not accept gifts or entertainment from clients, other than in accordance with our Ethics Policies, regardless of the size or insignificance of such gift or entertainment. Likewise, our team members may not provide gifts or entertainment to any client, unless on behalf of our firm.

We ask that all of our clients respect these policies and others contained within their engagement agreement with LEACIF.

Ethical Threats



Adverse interest threat: The threat that a member will not act with objectivity because the member's interests are opposed to the client's interests.

Advocacy threat: The threat that a member will promote a client's interests or position to the point that his or her objectivity or independence is compromised.

Familiarity threat: The threat that, due to a long or close relationship with a client, a member will become too sympathetic to the client's interests or too accepting of the client's work or product.

Management participation threat: The threat that a member will take on the role of client management or otherwise assume management responsibilities, such that may occur during an engagement to provide nonattest services.

Self-interest threat: The threat that a member could benefit, financially or otherwise, from an interest in, or relationship with, a client or persons associated with the client.

Self-review threat: The threat that a member will not appropriately evaluate the results of a previous judgment made or service performed or supervised by the member or an individual in the member's firm and that the member will rely on that service in forming a judgment as part of another service.

Undue influence threat: The threat that a member will subordinate his or her judgment to an individual associated with a client or any relevant third party due to that individual's reputation or expertise, aggressive or dominant personality, or attempts to coerce or exercise excessive influence over the member.

Evaluating Conflicts of Interest



The Code requires the assessment and identification of potential conflicts of interest related to the professional services LEACIF provides.

Potential conflicts may exist in many forms. When a conflict type is not specifically addressed in the Code of Conduct, members are required to conceptually evaluate whether a potential conflict of interest may exist, and to disclose the nature of such conflict. In certain cases, a conflict may require that we disengage or decline services.

For Cannabis Businesses:

LEACIF provides services to businesses and individuals operating in Michigan's regulated cannabis industry. The nature of this industry is closed-looped; **interactions, business relationships, competition, and other industry market components are highly integrated, including those relationships with professional service providers.**

A conflict of interest may be perceived to exist in the performance of services to you. We provide services to cannabis businesses across Michigan, including provisioning centers, processors, cultivators, and secure transporters, along with ancillary business entities. We likely work or will work with other businesses who may be considered competitive in nature or integrated within the same supply chain as your cannabis business.



Client Management Responsibilities

Professional standards provide guidance on and require client management to accept certain management responsibilities as a precondition to engagement acceptance and performance.

When engaging with LEACIF, clients are required to sign an Engagement Agreement that includes an Engagement Letter and Policies, Terms, and Conditions describing client management responsibilities, as applicable to our engagement.

Some of these client responsibilities include:

The preparation, accuracy, and fair presentation of all management deliverables.

The accuracy, completeness, relevancy, and integrity of any records, source documents, written or verbal information, or any other information provided to us.

Understanding and complying with any laws and regulations applicable to your business activities, including both federal, state, and local laws and regulations.

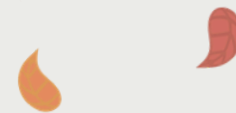
Assessment, design, implementation, maintenance, and monitoring of internal controls within your business.

Identifying, assessing, and responding to any risks in operating your business.

Fraud, theft, or any other unauthorized activity, use or access within your accounting system, financial system, or any other system or process relevant to your business.

The security and privacy of any data or information you transmit or otherwise provide to us.

Data Security and Privacy



While engaging with LEACIF, you are responsible for the implementation and conformance with data security and privacy policies and procedures as appropriate to your business operations, and ensuring all of your personnel who are involved with our engagement follow these policies and procedures. This includes preventative awareness of common forms and attempts to compromise or cause breach to information and data, including but not limited to:

- Phishing, including emails claiming to be from a trusted source requesting a link be clicked, or information be provided.
- Baiting, similar to phishing scams but include the promise of value or consideration.
- Pretexting, including the creation of scenarios or roleplay that trick an individual into releasing private data and information.
- Malware, including viruses, ransomware, spyware, and trojans.
- Loss or theft of devices used day to day or for back-up purposes.
- Unauthorized use, access, and/or destruction of electronic or physical data and information.

During the onboarding process with our Firm, you will be asked about your data security and privacy practices via a questionnaire. In our engagement, your confidential data and information will be transmitted, stored, and used, utilizing connected devices, cloud-based storage and applications, cloud-based software platforms and other third party software. In using these data communication and storage methods, LEACIF employs reasonable measures designed to maintain data security, protect data and mitigate a breach in accordance with applicable laws, regulations, and professional standards. Clients may request a copy of our Data and Information Security and Privacy Plan policies by emailing admin@leacif.com.

Client Safeguards

The Code of Conduct describes several safeguards clients may take, in relation to working with a professional service provider. We have included summarized examples below of some of these safeguards.

These safeguards are meant to operate in combination with other safeguards. Examples include:

- Having personnel with suitable skill, knowledge, or experience to make managerial decisions about the delivery of professional services, and use of third-party resources for consultation as needed.
- Having a 'tone at the top' that emphasizes a commitment to fair financial reporting and compliance with the applicable laws, rules, regulations, and policies your business is subject to.
- Maintaining policies and procedures to address ethical conduct, accounting, tax, and financial reporting, and compliance with applicable laws, rules, and regulations.
- Having a governance structure in place to ensure appropriate decision making, oversight, and communications regarding a firm's services.
- Having policies and procedures in place to support due diligence and research of potential service provider relationships.
- Implementing policies that bar the hiring of a firm to provide services that do not serve the public interest or that would cause the firm's independence or objectivity to be considered impaired.
- Maintaining awareness of professional standards and rules, including the AICPA Code of Professional Conduct

For Attest Clients

While we may generally discuss all services our firm offers, we will not proceed with scoping procedures, including introductory procedures in which we might offer professional advice or guidance, for a nonattest engagement(s) concurrent with an attest engagement.

An attest client is any client who has an engagement performed by the Firm under Statements on Standards for Attestation Engagements (SSAEs) or Statements on Auditing Standards (SASs). Additionally, we include Review engagements performed under SSARSs in our definition of engagements requiring independence.

Here is a list of nonattest engagements that we will not perform nor take action to initiate the scoping or performance thereof, concurrently with an attest engagement:

- Financial statement preparations;
- Cash-to-accrual conversions, or similar conversions including for income tax purposes, and reconciliations;
- Authorize, execute, supervise, or influence transactions, or otherwise exercise authority on behalf of an attest client or have or imply the ability to do so;
- Provide advice and recommendations to assist management in performing its functions or regarding strategic plans outside of the scope of the attest engagement or relationship;
- Attend board meetings as an advisor, outside of the scope of the attest engagement;
- Interpret financial information or other analysis, outside of the scope of the attest engagement.

LEACIF will not perform any attest engagement for a client who has previously had nonattest services performed for a period of 3 years prior to the proposal date of the attest services.

Client Confidential Information

When working with a CPA, it is important to know the below rules exist, pertaining to the confidentiality of your information (client information).

AICPA Confidential Client Information Rule:

As stated in the AICPA Code of Professional Conduct, A member in public practice shall not disclose any confidential client information without the specific consent of the client.

Refer to Section 1.700 Confidential Information in the Code for expanded information.

<https://us.aicpa.org/research/standards/codeofconduct.html>

MI Confidentiality Law (Summarized):

Under Michigan law: MCL Section 339.732 (of the Michigan Occupational Code) pertaining to CPA licensees:

(1) Except by written permission of the client [...], a licensee, or a person employed by a licensee, shall not disclose or divulge [...] information [...] in connection with an examination or audit of, or report on, books, records, or accounts that the licensee or a person employed by the licensee was employed to make. Except as otherwise provided [...], the information derived from or as the result of professional service rendered by a certified public accountant is confidential and privileged.

Reporting an Incident

How does LEACIF define an Ethics or Firm Policy Incident?

Ethics or Firm Policy Incident. An incident involving obstacles in following an appropriate course of action due to **Ethical Threats**, conflicts in applying relevant professional standards, regulations, or Firm policies and procedures, or conflicts in upholding our **Core Values**, objectives, or mission.

What about an Independence Incident? The AICPA Member Code of Conduct provides guidance to assist members in evaluating and addressing the consequences of a breach of an independence interpretation; Refer to section 1.200 in the Code for Independence interpretations.

<https://us.aicpa.org/research/standards/codeofconduct.html>

If you have encountered an incident that involves LEACIF personnel and you or members of your business, please discuss the incident details with the Engagement Partner or the Firm's Quality Management Partner, as applicable.

You may be advised to submit an incident report to LEACIF to document the details of the incident. To do this, go to your LEACIF Portal and create an Incident Report Form organizer. To learn how to do this please review this link:

<https://leacif.taxdome.com/pages/f3f7c112cfd05deec13657f1>

For more resources on Professional Ethics, Tools and Aids, and AICPA Ethics Hotline, check out:

<https://us.aicpa.org/interestareas/professionalethics>



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Innovate Your Expectations

Live Your Values | Define Your Control