



How a Cannabis Company Built
an Accounting Framework to
Support Future Growth

AT A GLANCE

Challenge

A vertically integrated, multi-state cannabis company needed help reconciling its books and building an accounting system to satisfy lender requirements for a financing event.

Solution

Armanino's cannabis experts used the company's point-of-sale (POS) data, state inventory system records and bank statements to clean up the accounting and put financial systems in place.

Result

By implementing a robust accounting system tailored to its needs, the company was able to streamline operations and gain greater visibility across its 35 entities, while also meeting its lender requirements.



Sage Intacct



Implementation Services



In-Person Training



Outsourced Accounting

Client Challenge

Founded in 2010, Tradecraft Farms started as a traditional cannabis operation in California. It quickly grew to become a licensed operator that cultivates, processes, manufactures and sells cannabis in California, Oklahoma and Maine.

As Tradecraft Farms scaled its operations, the company's books became more complex. Its accounting methods did not evolve alongside the company, and the finance team lacked the necessary tools to keep its financials organized. The accounting system consisted of manual recordkeeping on an Excel spreadsheet that tracked money coming in and money going out. Although the company was successful, there were no income statements or balance sheets to help management make financial decisions.

As a booming business, Tradecraft Farms goes through periodic rounds of financing events. When a lender required financial statements within 60 days of the quarter close, the company's chief financial officer, Geoffrey Yeterian, turned to Armanino's outsourced accounting experts to implement a tech stack that would satisfy this requirement and help get the company's finances in order.

Our Solution

The first thing the Armanino team did was to clean up and organize the existing financial data, which consisted of manually written records on pieces of paper where the company had recorded daily inflows and outflows. Since the company's retail stores are on a POS system, Armanino started by accessing Tradecraft Farms' sales information from its stores in all three states.

To gather data on the cultivation side of the business, Armanino used the state inventory system, Metrc. Because this compliance platform tracks flower production and transportation from one state to another, it provided Armanino with records of how much cannabis Tradecraft Farms had grown.

WHAT THEY'RE SAYING

“ Very few cannabis companies across the industry are well accounted for and have accurate systems and data.

Geoffrey Yeterian
Chief Financial Officer

The last piece of the puzzle that Armanino needed to put all the financial elements together was Tradecraft Farms' bank statements. After manually parsing all these physical documents, Armanino's team of experts provided two years of financial statements that gave clear insight into the company's financial performance and could be used in the event of an audit.

With the financial statements in place, the next step was to get an accounting system up and running for day-to-day use. The Armanino team began the implementation of Sage Intacct so that Tradecraft Farms could have a single source of truth for its accounting and financial reporting needs.

Due to restrictions in the cannabis industry, cannabis businesses have very few enterprise resource planning (ERP) solutions available to them. As Yeterian points out, this is why “very few cannabis companies across the industry are well accounted for and have accurate systems and data.”

Through collaborations with third-party consultants, Armanino and Tradecraft Farms set up an ecosystem that integrates the company's accounting software with its inventory management solution. The implementation of Sage Intacct allowed the multi-state cannabis company to gain greater visibility across its 35 entities, while also meeting its lender requirements.

The Result

From seed to sale, Tradecraft Farms' financial transactions are now accounted for and integrated into its tech stack. With Armanino's in-person training, the Tradecraft Farms team is now able to efficiently use their accounting system and track their sales from the initial transaction to end reporting.

With the successful implementation of Sage Intacct, Armanino developed the management reporting that Tradecraft Farms' C-suite needed to derive KPIs. With these impactful solutions, leadership has gained insights and clarity to spark success and help them achieve continued expansion.

WHAT THEY'RE SAYING


“ There are very few accounting firms that have an understanding of how the cannabis industry works. Armanino is one of the only larger institutional players in the space that is equipped to handle the unique challenges of our industry.”

Geoffrey Yeterian
Chief Financial Officer

Tradecraft Farms is currently working with Armanino's outsourced accounting team to get their income taxes in order, as they navigate the complexities of taxation for the ever-evolving cannabis industry. "There are very few accounting firms that have an understanding of how the cannabis industry works," says Yeterian. "Armanino is one of the only larger institutional players in the space that is equipped to handle the unique challenges of our industry."

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