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# COHNREZNICK'S RAISING CAPITAL FOR THE CANNABIS INDUSTRY TOOLKIT ✓

**CohnReznick**   
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# QUESTIONS TO ASK POTENTIAL EQUITY INVESTORS ONCE YOU'VE DONE YOUR PITCH

## All money is created equal, but not all investors are...

*Finding an investor with similar or complementary synergies is critical for long-term funding success. Organizations should determine the characteristics of investors that best meet their needs. Continual conversations are essential to finding a like-minded partner who can help you access funding at the right time. The following list of questions is a great place to start:*

Do you have the discretion over the money? Are you getting money from additional sources?

How much could you invest now?

Do you have the ability and willingness to give more money in the future?

Do you want to be an active partner or one who takes a back seat on day-to-day operations?

How well do you know the cannabis industry?

What do you believe is the future of the cannabis industry?

What are your reporting requirements? (i.e., financials (audited), KPIs, etc.)

How much time do you want from our management team (as opposed to them running the company)?

What are you looking for in a management team?

What's your exit strategy? How much time do we have to effectuate it?

What is your long-term vision for our company?

How do you plan to make money (i.e., preferred equity or wait for big payout)?

# QUESTIONS TO ASK YOURSELF WHEN ENTERING INTO A DEBT ARRANGEMENT

*With interest rates entering the realm of reasonableness, and with equipment as collateral, debt is an increasingly enticing way to raise funds for growth. However, the right debt arrangement is critical. Below is a list of questions you can ask the lender to better understand the nuances of the deal.*

Can I review the term sheet? Loan document?

What financial statement operating history do you want to see?

If asset-backed, what information will you need about the asset?

Can you do what you want without raising money by funding through operations?

Will you need additional money in the short term?

Are you raising a lot of money for an acquisition or large expansion? Do you understand the cost of capital to evaluate if equity makes sense for large raises?

## NOTES

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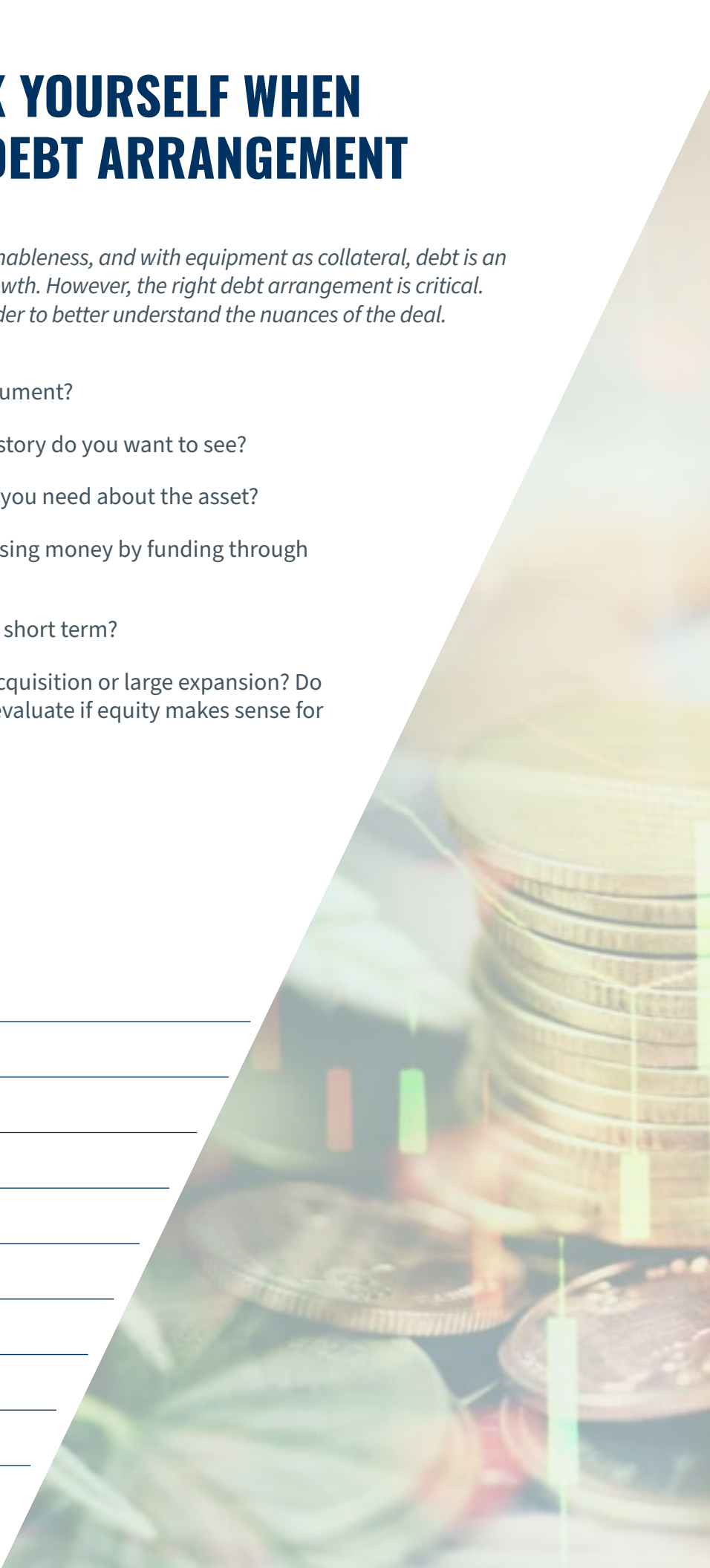
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# PREPARE FOR A CAPITAL RAISE

*Winning the confidence of investors will require rigorous financial metrics and systems that prove a strong financial standing. Proving financial fitness will entail having the following information ready for potential investors:*

Tax filings

280E policy, if plant-touching

Quality legal and accounting advisors

References

Key team members with bios

Documented back-office policies and procedures, including internal controls

Corporate governance

Financial statements (potentially audited)

KPIs

Projections



## NOTES

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# CONTACT US:

Connect with our team to review your responses

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