

RESTRUCTURE AND ESTABLISH ACCOUNTING STAFFING MODEL ▶ ACCOUNTING SYSTEM REVIEW
FINANCIAL BUDGETING AND FORECASTING MODEL ▶ FINANCIAL REPORTS ▶ CASH FLOW SOLUTIONS
FINANCIAL INTERPRETATION FOR COO AND KEY OWNERS

CLIENT:



- Multi-million-dollar privately-owned company headquartered in Denver, CO
- Two separate entities with a new state-of-the-art laboratory location that opened December 2019
- Agricor Laboratories is a state-certified marijuana testing laboratory service and is the first and only that meets cGMP (current Good Manufacturing Practices) and GLP (Good Laboratory Practices) requirements.
- Botanacor Laboratories is the first Colorado-based laboratory entirely focused on hemp and CBD testing and has distinguished itself via its facilities, validation, process controls, equipment validation, pharmaceutical best-practices, and rapid response. Both laboratories are ISO/IEC 17025 accredited by the American Association of Lab Accreditation (A2LA).

SITUATION:

Botanacor Laboratories and Agricor Laboratories are private companies with the same owners. A state-certified marijuana testing laboratory, Agricor provides laboratory testing services for marijuana cultivators and infused product manufacturers across North America. Botanacor focuses exclusively on hemp and CBD testing across all of North America, employing pharmaceutical best-practices.

Botanacor was the first Colorado-based laboratory founded for, and entirely focused on, hemp and CBD testing. Botanacor participated in the first-ever Hemp Pilot Program conducted in Colorado in 2014. The company has clearly distinguished itself among its competitors through its facilities validation, process controls, equipment validation, pharmaceutical best-practices, and rapid response.

Dr. Carl Craig PhD, COO, took over operations when Botanacor Laboratories and Agricor Laboratories were in their early stages of cash books – the same situation many new companies are in. With the companies' rapid growth, he knew Botanacor and Agricor needed to enhance their level of financial credibility.

"We needed someone to come in and help through our transition," said Dr. Craig. "We didn't want or need to hire a full-time CFO, but we wanted a heavy-hitter CFO part-time. We were looking for someone to see the bigger picture and understand what it would take to move us from a small company financial standpoint to a true GAAP financials company. Vertex was able to execute on that rapidly."

"We knew it was time to bring in an expert. VertexCFO was our answer."

"Right now, in the midst of a pandemic, I would be alarmed if I didn't have the ability to see financials the way VertexCFO set them up. We've never had visibility into the business and operational KPIs. Now that we do, I am far more confident that I can make good decisions – especially in light of current events."

– **CARL CRAIG, PHD, COO**

As typical with fast growth companies, they had outgrown their previous financial accounting systems and wanted to implement improved systems, establish a strong accounting transactional team and add more strategic accounting and finance strength to partner with the executives. They recognized the need for establishing more structure and using more sophisticated tools to help guide the business.

"We were trying to piece together financial facts and accounting histories to gain clarity. We needed a logical way to begin. It's tough enough trying to do this for one company – and we had both Agricor and Botanacor to tackle. We knew it was time to bring in fractional CFO support to assist with the accounting strategies. VertexCFO was our answer," said Dr Craig.

SOLUTION:

VertexCFO began by converting the companies' cash basis financials to a GAAP basis; this allowed for a more comprehensive picture of their financial positions. The switch to GAAP also helped to improve cash flow.

The VertexCFO team provided robust month-end financial reports and trended metrics to give the business owners detailed information and rigorous data. VertexCFO worked with the executive team for recommendations on hiring needs. Importantly, Botanacor and Agricor received the critical CFO and Controller oversight and clarity they needed to partner with the executive team, to assist with key decisions to take them to their next growth phase.

Key solutions included:

- Sound, strategic financial oversight
- A thorough accounting system review
- Instituting a solid financial budgeting and forecasting model
- Implementing a financial reporting structure at an executive-level
- Cash flow management solutions
- Financial data reconciled to provide a clear-cut financial overview for the owners and management

RESULTS:

The executive teams of Botanacor Laboratories and Agricor Laboratories, with the professional assistance of VertexCFO, are continuing to grow the companies and have improved the financial tools needed to prepare for long-term strategic initiatives.

VertexCFO proved to be the right partner, helping the companies move efficiently from cash to accrual, working with tax experts to get balance sheets correct, and rebuilding the chart of accounts. "Vertex came in with a much higher level than what we had in-house in terms of accounting capabilities," said Dr. Craig. "VertexCFO helped us hire an in-house accounting team to do transactional functions while they provided executive-level support."

Six months into the work with VertexCFO, Dr. Craig noted, "What they've done is set us up for the future. We now have reporting on a monthly basis that we never had before. As a result of having the financials in a place to pull reports and answer questions, we possess the ability to look at the health of the business from several angles. It's a real game changer."

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"Using a fractional CFO is a great way to find out where your gaps are and where you need to be. It's the best way to spend your money. You don't have to worry you've hired a \$250K CFO you don't like – you have the option to change or terminate. There's no risk. And the impacts are immediate."

– CARL CRAIG, PHD, COO



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