Cannabis business sale: data-room checklist

The documents a buyer, its lender and the regulator will ask for when a licensed cannabis business changes hands. Assemble them before you go to market; gaps found in diligence are where deals get repriced.

How to use it: tick each item once it is current, complete and saved in your data room. Release documents in stages, not all at once (see the last table). The full explanation of each item is at thecannabisbusinessbroker.com/sell/documents-needed-to-sell.

1. Financial

- [ ] Profit and loss statements and balance sheets, last three fiscal years, plus trailing twelve months by month
- [ ] Federal and state income tax returns for the same years, with all schedules
- [ ] Schedule of add-backs, with a receipt or contract behind each one
- [ ] Reconciliation of book income to taxable income (for adult-use operators under section 280E: what was capitalized into cost of goods sold, and which deductions were lost)
- [ ] Bank statements; if you deposit cash, armored-car and deposit logs
- [ ] Point-of-sale reports by month, with discounts and returns shown separately
- [ ] Debt schedule: every loan, equipment lease, seller note and amount owed to owners or related parties
- [ ] Accounts receivable and payable agings (for wholesalers, receivables over 90 days)
- [ ] Capital expenditure history and equipment list with serial numbers

2. Tax

- [ ] Sales and use tax returns and proof of payment, three years
- [ ] Cannabis excise, cultivation or wholesale tax returns and proof of payment
- [ ] Payroll tax returns (Form 941 and state equivalents) and proof of deposit
- [ ] IRS account transcripts for the entity, plus any notices, audit letters or installment agreements
- [ ] State tax clearance or status letter where your state offers one
- [ ] Local cannabis business tax filings, where a city or county levies one

A balance due is a pricing issue, not a footnote: buyers can inherit it, so it is usually paid or escrowed at closing.

3. License and compliance

- [ ] Current state license certificate for each license, with issue and expiry dates, and the last renewal application
- [ ] Original license application: operating plan, security plan and any community or social equity commitments
- [ ] Local permits: business license, conditional use permit, zoning verification, certificate of occupancy, fire and building sign-offs
- [ ] Every inspection report, notice of violation, fine, stipulated order and corrective action plan since licensing
- [ ] Proof that every past change of owners, officers or financial interest holders was reported or approved
- [ ] Standard operating procedures, training logs, and the employee roster with badge or agent-card numbers and expiry dates
- [ ] Certificates of analysis for current inventory; recall and destruction records
- [ ] Security system specifications, camera retention settings and alarm monitoring contract

4. Track-and-trace

- [ ] Sales by month, exported from Metrc, BioTrack or your state's system
- [ ] Inventory adjustments, and waste and destruction logs
- [ ] Transfer manifests
- [ ] A current inventory snapshot

  Export the data; never share logins. A buyer working inside your account before approval can look like unapproved control.

5. Real estate

- [ ] Lease and every amendment, or the deed and title policy if you own the building
- [ ] Landlord's written consent to cannabis use; the assignment and change-of-control clauses
- [ ] Rent ledger, property tax and common-area charges, and any default notices
- [ ] Mortgage documents, if any (many loan agreements prohibit cannabis tenants)
- [ ] Floor plans and premises diagrams as filed with the regulator
- [ ] Environmental reports and utility capacity letters; for extraction sites, fire marshal approvals and engineering peer review

6. Corporate and contracts

- [ ] Articles, operating agreement or bylaws, and all amendments
- [ ] Capitalization table and ownership ledger that match what the regulator has on file
- [ ] Minutes or written consents authorizing the sale (check for partner rights of first refusal or vetoes)
- [ ] Certificates of good standing
- [ ] Supplier, distribution, brand licensing and white-label agreements, with assignment clauses flagged
- [ ] Management services, consulting and intellectual property agreements
- [ ] Employment agreements, handbook, benefit plans, payroll register and workers' compensation history
- [ ] Insurance policies and five years of loss runs
- [ ] Litigation list, including threatened claims and demand letters
- [ ] Trademark registrations and domain records

7. Regulator package (seller's share)

- [ ] Your state's published change-of-ownership checklist, read before the purchase agreement is drafted
- [ ] A clean license file with no unresolved matters
- [ ] Proof of tax compliance
- [ ] Resignation or license surrender forms for departing owners, where your state requires them
- [ ] Your signature on the transfer or change-of-ownership application

  Most of the regulator's package comes from the buyer: personal history forms, fingerprints and funding-source disclosures.

When to release each set

Stage	What a buyer sees
1. Before the NDA	A one-page blind summary. No name, no address, no license number.
2. After the NDA and proof of funds	The confidential memorandum, summary financials, license type and status, lease summary.
3. After a signed letter of intent	The full data room: tax returns, track-and-trace exports, inspection history, contracts.
4. Late in diligence	Employee-level payroll, customer or patient-level data (only as privacy law allows) and supplier pricing, once the buyer has cleared its other conditions.
5. After signing the purchase agreement	The regulator filings, prepared jointly with the buyer.

Want a second pair of eyes on your data room? Book a confidential 20-minute intro call: thecannabisbusinessbroker.com/book

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