



CLIENT SPOTLIGHT: JOYCE CENALI, COO OF BIG ROCK, EDUCATES KROST ON THE CANNABIS INDUSTRY, LUXURY PRODUCTS, AND EQUITY IN BUSINESS

KROST Client, Big Rock, has been making a name for itself in the luxury cannabis industry.

The company's affiliate entity, Sonoma Hills Farm, represents the finest in this consumer products industry, and recently their COO, Joyce Cenali, was named as one of SF Times Most Influential Women. We had the opportunity to catch up with Joyce to learn more about her career, Big Rock Partners, and her advocacy for equity in business, and mentorship to incredible founders that are sure to take the consumer products industry by storm—changing it forever.

Joyce's passion for the industry stems from the struggle and the ultimate loss of her father to cancer in 2014, as she battled for years to keep him comfortable. Around that time, she met and joined forces with Mike Harden. The rest is literal history, as they

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have seen the industry transform since the legalization of recreational cannabis use in California in 2016.

According to Joyce, the genesis of legalized cannabis did not have the shiny beginnings of prosperity that many on the outside might have expected. The pathway to success was complex, as traditional sales funnels had to uproot their processes and forfeit much of their bottom line to adhere to strict legal standards, zoning laws, environmental factors, and high tax rates imposed on the goods. Legalization also caused an initial drop in sales as consumers had to adapt to new purchasing methods.

Projections for the industry and its impact on the state's economy were valued too high due to the anticipated demand for legal product. Still, realization did not meet these valuations initially as the industry worked through growing pains. This, coupled with the impacts of COVID, hit early-stage companies hard just as operations were beginning. However, Joyce and her colleagues are optimistic for the future now that the pandemic moves to the rearview mirror and many companies in their portfolio are experiencing solid momentum.

"Now is a great time for investors and operators to get involved in this space. We are working with real data points, not projections, so valuations are balanced and are more likely to match market realization," remarked Joyce.



Joyce is involved in every step of the cannabis process, including as operators, through her involvement with Sonoma Hills Farm (SHF). SHF offers craft cannabis that is sustainably farmed and pesticide-free. Beyond crafting luxury cannabis products, they are also passionate advocates for the industry as investors and mentors to founders. As part of her work as Partner & COO, she and the Big Rock Partners team invest in a range of startups in the industry, including a focus on female founders, founders in the LGBTQ community and people of color. When asked why she explained,

"Equity is inherently a better business practice when you have a consumable. Cannabis is one of the most diversely consumed products. We must have the right people leading operations and influencing the industry to succeed in those market verticals. For example, unlike men, who typically prefer the traditional market, women are more likely to buy new products, beverages, and cosmetics in stores. Any commodity-based company decreases the likelihood of product success if they do not include diverse voices at the table."

In addition to financial investments, Joyce and the team also support founders through various mentorship programs. The programs work to increase the number of diverse founders in the space and promote a socially inclusive environment for founders and operators in the cannabis industry. Alongside some other industry powerhouses, Joyce also recently founded the Cannabis Advertising Council which seeks to destigmatize and bring awareness to the benefits of cannabis in both traditional and non-traditional advertising venues – think Got Milk? for the cannabis industry!

We also asked Joyce about her experience with KROST. She explained the importance of partnering with a company that understands the complexities of the business through experience with other savvy industries and professionals.

"KROST is the exact type of firm that needs to be providing services to cannabis companies. They have

specialized knowledge that applies to this space. They know that executives are trying to invest in cannabis, and they can guide them through the process while protecting their personal wealth from a tax code perspective. They see the big picture. They have been involved with our team from the beginning, helping create our intercompany structure of agreements as it impacts taxes. I would advise any early-stage operators to hire a company like KROST at the onset of business instead of down the road to avoid headaches,” remarked Joyce.

We are grateful to Joyce for her time and congratulate her on her recognition. It was a pleasure learning more about this “budding” industry, and we look forward to seeing all the great things you will do at Sonoma Hills Farm and for the business as a whole.

For more on Big Rock Partners, visit:
<https://big-rock.com/>

For more information on Sonoma Hills Farm, visit:
<https://sonomahillsfarm.com/>

Check out their recent spotlight in Wine Spectator for the latest press: <https://www.winespectator.com/articles/cannabis-in-wine-country-063021>

For more information about the mentorship programs, visit:
<https://intheinitiative.com/>
<https://thisisourdream.com/>
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