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card payments due to federal law that still prohibits the sale of cannabis.

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Accounting for cannabis businesses is much like any other consumer goods with one important exception: **cash control is critical**. Cannabis retailers cannot accept credit card payments due to federal law that still prohibits the sale of cannabis. As a result, retailers are forced to accept cash. Large amounts of cash. It's critically important that you get a handle on cash control and the accounting needs for managing cash, or you could risk losing your business.

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directly into a business' bank account, are then matched to the sales by the bookkeeper or accountant. Critically, they do not pass through the hands of any employees.

When large amounts of cash are taken in continuously by multiple employees everyday having the right internal controls and processes in place are critical. Cash is easily subject to theft, fraud and robbery.

All cash must be counted and balanced to each register at the end of each shift and at the end of each day. This should be done by a manager or owner. The cash in the register must be reconciled to the sales in the POS (point of sale) to ensure they are equal. When cash is deposited into a vault, a log must be maintained to record cash movements in and out of the vault with a balance of the total at all times.

Then the cash movements should be reconciled to the accounting ledger. The books must reflect the physical cash balances and vice versa. This is the key control point. If anything is off, that should signal a problem.

Other Considerations

Physical security, such as security cameras, electronic locks and vaults, is paramount as well, but that's a whole other subject and we will not go into it here.

Furthermore, because it is often difficult to physically deposit the cash into the bank, retailers are using the cash out of the vault to pay suppliers and vendors. This adds another level of complexity to internal controls. How much you pay each vendor must be supported by an invoice without exception. This information then must be communicated to your bookkeeper or accountant at the end of each day. Some POS systems can capture these payments and the accounting department can note this information to record them on a timely basis.

So, to ensure the controls are working properly and that everything happening at the

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For Cannabis retail stores, a few other options are beginning to emerge for accepting ACH payments. Stronghold Pay and 2Accept are two examples of these payment providers. Bookkeep also supports integrations with these systems.

Remember, it's vitally important that your books are up to date every single day in a cash-heavy environment. Having an automated integration with your POS further ensures better security, control, and success of your business.

Bookkeep offers a [free 14-day trial](#) to integrate dispensary management and QuickBooks

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Ruth Ku is the co-founder and COO of [bookkeep.com](#). Before devoting her work fulltime to [bookkeep.com](#), she served as a CFO for high growth startups like ShopKeep, Buffer, Signpost, and RotoQL. She spent the earlier part of her career as a Certified Public Accountant advising Fortune 500 companies like American Express, HSBC, and FCB. She is an accomplished entrepreneur, having founded three companies with successful exits: Paradigm Sports Clubs, Vleeo, and rukuKitchen. She is a firm believer in building a strong financial foundation for reducing the risk of business failure and setting the right strategic direction to scale. Ruth is an expert at helping businesses put robust financial operating procedures in place. She loves a good thought-provoking financial challenge and has a knack for spotting revenue opportunities.

Small Business

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