



THE INDICA BUZZ



March 2023

ACCOUNTS RECEIVABLE:

Eliminate the Stones in your Cash Flow

We've all heard the phrase, "You can't get blood from a stone." Wouldn't reducing the # of stones to begin with prevent a lot of headaches for your business?

Being proactive vs reactive is key. Being organized is critical when it comes to AR management. Do not let stones block your cash flow streams!

Proactive measures include:

- ✦ Set payment deadlines prior to the transaction and hold your customers accountable (i.e. Net 10 means payment is due 10 days from the invoice date).
- ✦ Offer discounts for timely payment (i.e. 1%/10 net 30 means the customer receives a 1% discount on the amount due if paid within 10 days).
- ✦ Review your credit terms and vetting process for who your business will allow to buy on credit.
- ✦ Require payment before product is purchased or shipped. Train your staff on collecting payments up front.
- ✦ Review your billing process and make it easy for your customers to pay (i.e. include a payment button to pay instantly vs waiting until a check can be cut).
- ✦ Overcommunicate your payment or credit terms as well as invoicing and payment reminder emails.
- ✦ Track other receivable KPIs to identify processes that may negatively impact your collections and work on improving those.

When it comes to collecting monies due to your business, leave no stone unturned!



Ways to collect on outstanding receivables:

- ✦ Stay professional and courteous but firm. You catch more flies with honey than vinegar.
- ✦ Review your AR Aging report and focus on the stones (accounts) that have been outstanding for the longest.
- ✦ Calculate your AR Turnover ratio. A higher ratio indicates your company has an efficient collection process whereas a lower ratio indicates it is time to review and improve your process. Example: A ratio of 10 means you turn over your receivables 10x/year or every 37 days (365/10) but a ratio of 4 means you only turned it over 4 times that year or every 91 days.
- ✦ Explain to customers that have invoices outstanding that are 90+ days old, that they will be blocked from additional purchases until their account becomes current (i.e. < 60 days old).
- ✦ Offer a payment plan for large balances. You can even charge a fee for the payment plan set-up and a reasonable interest rate on the unpaid balance.
- ✦ Require auto-debits on the customer's bank account for payment plans.
- ✦ Always send reminder emails – this process can be automated in most accounting systems.
- ✦ Consider outsourcing your collections to someone who is outside of the friendship if the collection conversation creates too much of an awkward setting.
- ✦ Create a Bad Debt policy and write-off/expense uncollectible accounts after a certain point.

UPCOMING EVENTS & DATES

Date	Event	Location	See you there!
03/01/23	The Emerald Conference	San Diego, CA	
03/02/23	Spark It Up!	Columbia, MD	∞
03/03/23	Alternative Products Expo	Ft. Lauderdale, FL	
03/08/23	NCIA: Washington Industry Social	Seattle, WA	
03/08/23	Cannabis Business Bootcamp	Newark, NJ	
03/10/23	NECANN: New England Cannabis Convention	Boston, MA	∞
03/18/23	National Cannabis Festival: VIP Kick-off Party	Washington, DC	∞
03/19/23	Chesapeake Hemp Co: CBD Tea Party	Tysons Corner, VA	∞
03/24/23	Lucky Leaf Expo: Kansas City	Kansas City, MO	
03/25/23	XpoCanna Connecticut Cannabis Expo	Montville, CT	
03/29/23	NoCo Hemp Expo	Colorado Springs, CO	
03/30/23	NCIA Massachusetts Industry Social	Boston, MA	
03/30/23	Accelerte Cannabis: Maryland Cannabis Summit	Baltimore, MD	∞
03/31/23	CannaCon South - OKC	OKC, OK	

Dear INDICA:

Can I pay my employees with product?

Sincerely,

CEO



Dear CEO:

Unfortunately, NO, you cannot. Trading goods/services without the exchange of cash is BARTERING. This is a taxable transaction that must be recorded in your books.

Under double-entry accounting, you would recognize revenue for the fair market value (FMV) of the goods/services received and recognize Cost of Services/Goods Sold (COGS) for the FMV of the goods/services provided. This is called "consideration."

Illegal items can NEVER be "consideration." Even if weed is legal at the state-level, it is still federally illegal.

See full blog post here:

[CAN'T I JUST PAY MY EMPLOYEES WITH WEED?](#)

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We provide a full CFO/CPA, payroll, tax, bookkeeping, & more solution offering a complete white glove service from A to Z.

Our service includes rock solid accounting, improved cash flow, world-class financial reporting, lower taxes, value-enhancing ideas, & peace of mind.



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