PROJECT
FUNDING ECONOMIC JUSTICE

FINANCIAL FOUNDATIONS 102

Your CFO Toolkit Resource Guide

Founder tools for financial intelligence and better business decisions

How to Use This Guide

This guide is yours to keep. Each section matches a tool in your CFO Toolkit Workbook and gives you plain-language explanations, the questions to ask yourself, and practical checklists you can use long after the session ends.

One important note before you start: this guide is financial education, not accounting, tax, or investment advice. Cannabis tax rules are complex and they change — every business should work with a cannabis-experienced CPA on its specific situation.

Your Toolkit — How the Pieces Connect

These six tools are not six separate lessons. They are one system, and each tool feeds the next:

- Your technology stack (Tool 1) captures reliable records.
- Reliable records keep you tax-ready (Tool 2).
- Tax-ready books give you numbers you can trust on your KPI dashboard (Tool 3).
- Your dashboard's margins and costs feed your break-even math (Tool 4).
- Your break-even math becomes the assumptions in your 12-month projection (Tool 5).
- And your monthly CEO review (Tool 6) pulls everything together into one leadership habit.

> *By the end, you haven't just learned concepts. You've assembled the toolkit you'll run your company with.*

1. Financial Technology Stack

Your technology stack should help you capture transactions, store documentation, reconcile activity, and produce reports you can trust. QuickBooks Online appears throughout the examples because it is a commonly used small-business accounting platform, but the toolkit is platform-neutral — the right choice depends on your size, complexity, budget, and integrations.

Area	What it means for you

Accounting software	QuickBooks Online, Xero, Wave, Zoho Books, Sage, FreshBooks — the official financial record and system of record.
Point of sale	Dutchie, Flowhub, Square, Shopify, or other retail tools — where sales originate.
Payroll	Gusto, ADP, Paychex, or platform-specific payroll — wages, taxes, and worker classification.
Bills and payments	Bill.com, Melio, or banking bill pay — vendor payments with documentation.
Receipts and documents	Dext, Hubdoc, Google Drive, Dropbox, SharePoint — the proof behind every number.
Reporting	Accounting reports, Excel or Sheets dashboards, and BI tools as you grow.

> *Technology does not solve weak process. It amplifies whatever process you put underneath it.*

2. Cannabis Tax Fundamentals — Current as of July 2026

This section is not tax advice. It gives you enough financial understanding to see why cannabis recordkeeping, cost categories, documentation, and CPA communication matter so much — and why you should not wait until tax season to get organized.

Effective April 28, 2026, a federal final rule created a new framework affecting FDA-approved marijuana drug products and marijuana associated with qualifying state medical-marijuana licenses; marijuana outside those categories remains in Schedule I under the rule. Because IRC §280E applies to trafficking in Schedule I or II substances, the rule may affect certain qualifying medical-marijuana businesses — but it does not establish the tax treatment of every cannabis company or every activity conducted under a state license. The practical tax impact depends on a company's specific facts, and the rule itself directs qualifying licensees to consult tax counsel regarding their specific circumstances. Do not change your tax treatment without written guidance from a cannabis-experienced CPA or tax attorney.

Area	What it means for you
280E today	Section 280E blocks most deductions for businesses trafficking in Schedule I or II substances. The April 28, 2026 rule affects only FDA-approved marijuana products and marijuana associated with qualifying state medical licenses; other marijuana remains in Schedule I under the rule. The practical tax impact on your company depends on your specific facts and should be determined with qualified cannabis tax counsel.

Product costs vs. operating expenses	Clear categorization matters because direct product costs may be treated differently than general overhead. This is one of the biggest financial levers in the business.
Documentation	Receipts, invoices, payroll records, inventory records, and contracts support the story behind your numbers. Recordkeeping does not create a deduction or exemption — it supports the treatment your company is legally entitled to claim.
Tax set-aside	Don't treat all cash as spendable when taxes are building in the background. Separate tax money before it feels available. The 25% rate used in the toolkit examples is an illustrative planning assumption — replace it with your CPA-approved rate.
CPA relationship	Your CPA can strategize when your records arrive organized. If the books are messy, you're paying strategy rates for cleanup work.

> *In cannabis, profit is not the same as cash, and cash is not the same as spendable cash.*

Official source for the 2026 federal change

- Federal Register (final rule, eff. April 28, 2026): federalregister.gov/documents/2026/04/28/2026-08176/schedules-of-controlled-substances-rescheduling-of-food-and-drug-administration-approved-products

State licensing statutes vary. Consult your state cannabis regulator, licensing counsel, and cannabis tax advisor regarding how your specific license is structured and how the federal rule may apply to it.

State-specific example — Maryland: Maryland issues combined medical and adult-use cannabis licenses (Md. Code, Alcoholic Beverages & Cannabis Article, §36-401). This is one state's structure, shown only as an illustration of why license analysis is state-by-state — it does not describe the licensing framework in any other state.

3. CEO KPI Dashboard

A dashboard is not supposed to impress anyone. It is supposed to make the business easier to lead. You should be able to look at it and know where to focus your attention this month.

Metric	The question it answers
Revenue	Is the top line growing, declining, seasonal, or concentrated in too few customers?
Gross margin	Are you keeping enough after direct costs?
Net income	Is the business profitable after operating expenses?

Cash runway	How many months can you operate before cash becomes a constraint?
Inventory turns	Is inventory moving, sitting, or quietly tying up your cash?
Labor percentage	Is staffing growing in proportion to revenue, or faster?
Break-even progress	How close are you to covering fixed costs?

When you review the dashboard, read the story, not just the numbers. Revenue up but margin down? Look at discounting, product costs, or sales mix. Runway shrinking? Slow spending, speed up collections, or start capital planning early. Every metric marked “Watch” should end in a decision, an owner, and a follow-up date.

> *A dashboard should make the business impossible to ignore.*

4. Break-Even and Margin Strategy

Break-even tells you how much you must sell before the business covers its costs. Margin strategy tells you what you keep from each sale. Together they answer one of the most important questions you can ask: how hard does this business have to work before it makes money?

Area	What it means for you
Fixed costs	Costs that continue even when sales are low — rent, software, salaries, insurance.
Variable costs	Costs that move with each sale — product cost, packaging, merchant fees, shipping.
Contribution margin	Selling price minus variable cost. This is what each sale contributes toward covering fixed costs.
Break-even units	Fixed costs divided by contribution margin per unit — your minimum monthly target.
Margin levers	Raise price, lower product cost, reduce waste, improve mix, reduce discounts, increase average order value. Every lever has a consequence — test it before you pull it.

Use the Break-Even tab in your workbook before pricing changes, discounts, new hires, or expansion decisions. Knowing your break-even turns vague pressure into a concrete target.

> *Growth without margin discipline can make a business bigger and weaker at the same time.*

5. Your 12-Month Projection Model

The Projection tab in your workbook is a simplified planning model built to be used, not admired. You enter today's reality — current monthly revenue, product costs, operating costs, and cash in the bank — pick a growth scenario, and the model shows you the next twelve months.

It is designed to answer four questions

- When does my plan become profitable?
- Does my cash stay positive all year — and where is the low point?
- Can I afford a new expense, like a hire or new space, and when?
- How much should I be setting aside for taxes as profit builds?

How to use it

- Step 1 — Enter today's reality in the yellow cells: revenue, costs, cash, and a tax set-aside percentage.
- Step 2 — Choose a scenario: Careful, Base, or Stretch growth. Try all three. The gap between them is your planning range.
- Step 3 — Read the answers box, then test a decision: add the expense you're considering and watch what happens to profit and cash.

What it is not

This model is intentionally simple. It does not handle inventory timing, receivable delays, loans, or seasonality — and it does not predict the future. It shows you the financial impact of your assumptions so you can test a plan before the business absorbs the cost. As your business grows, a fuller financial model built with your accountant or CFO advisor becomes the next step.

> *Hope is not a forecast. Project from where you stand, not from where the pitch deck says you'll land.*

6. CEO Monthly Financial Review

Financial leadership is a cadence, not a crisis response. Once a month, sit down with your toolkit and walk through this checklist:

- Review your cash balance and cash runway.
- Review revenue, gross profit, gross margin, net income, and operating expenses.
- Review inventory purchases, slow movers, waste, and stockouts.
- Review upcoming payables, tax obligations, payroll, and debt payments.
- Compare actual results to your 12-month projection — and update the projection.
- Close with three decisions: one thing to start, one thing to stop or delay, one thing to watch.

> *The business should not have to get loud before you listen.*

PART TWO

The Reference Shelf

Part One taught the tools. Part Two is the desk reference — the matrices, question lists, checklists, and warning signs you will reach for months from now, long after the session. Keep it close.

7. Software Comparison Matrix

No endorsement — a decision framework. Score each candidate 1–5 on the criteria that matter for a compliant cannabis operation, then let the totals talk.

Platform family	What to know
QuickBooks Online	A commonly used small-business GL. Strong reporting and accountant familiarity; cannabis-specific needs (seed-to-sale, tax cost detail) handled through disciplined setup and integrations.
Xero	Clean interface, strong bank feeds and app ecosystem; similar cannabis caveats to QBO.
Wave / Zoho Books	Low-cost options for very early stage; expect to outgrow them as inventory and compliance complexity rises.
Sage / NetSuite tier	Heavier platforms for multi-entity, multi-location operators; usually a 103-and-beyond conversation.
Cannabis-specific platforms	Purpose-built for track-and-trace and cost accounting (e.g., seed-to-sale-integrated suites). Earn their cost when compliance volume or audit exposure is high.

The five criteria that decide it

- Compliance fit — does it work with your state track-and-trace and produce audit-ready detail?
- Cost-accounting capability — can it separate product costs from overhead cleanly enough for tax compliance (including §280E where it still applies)?
- Integration — does data flow from POS to books without manual re-keying?
- Scalability — will it survive a second location or a wholesale line?
- Total cost of ownership — subscription plus setup plus the bookkeeping hours it saves or creates.

8. When You’ve Outgrown QuickBooks

QuickBooks is not forever — it is for now. The signs you are outgrowing your core platform:

- Month-end close takes more than a week because data lives in too many places.
- You maintain shadow spreadsheets because the system can't answer basic questions.
- Multi-entity or multi-location reporting requires manual consolidation.
- Inventory value in the books never matches the count on the floor.
- Your CPA spends billable hours re-classifying instead of advising.

When two or more of these are true for two consecutive quarters, start the platform conversation — before the pain forces a rushed migration.

9. The Question Lists

Ten questions for your CPA

- Are you experienced with plant-touching cannabis businesses and cannabis-specific tax rules, including 280E and the 2026 Schedule III change?
- How should my chart of accounts be structured to protect COGS treatment?
- What documentation do you need from me monthly — not just at year-end?
- How should we handle cost allocation for staff who touch both production and admin?
- What is my estimated effective tax rate under the current rules, and what monthly set-aside percentage should replace the toolkit's illustrative 25%?
- What would an IRS audit ask for first, and could we produce it this week?
- Are my estimated payments on track, and when do we revisit them?
- What state and local obligations apply beyond federal?
- How does the April 2026 Schedule III final rule apply to my specific license — and what should we watch next?
- What would you do differently in my books if this were your business?

Eight questions for your bookkeeper

- When was each account last reconciled, and are there unreconciled items?
- What transactions are sitting uncategorized right now?
- Does POS revenue tie to the deposits in the bank — to the dollar?
- Are product costs being coded consistently to the same accounts?
- What receipts or documentation are you missing from me?
- Are contractor payments tracked for year-end forms?

- What does the close checklist look like, and what day does it finish?
- What do I do that makes your job harder?

Seven questions for yourself, monthly

- Do I know my cash position and runway right now, without looking?
- What changed most vs. last month — and can I explain why?
- Am I above or below break-even, and trending which way?
- Is tax money separated, or am I spending it by accident?
- What decision am I avoiding because I haven't looked at the numbers?
- Did last month's decision work? What number proves it?
- If I were my own investor, what would worry me this month?

10. Technology Implementation Roadmap

Phase	The work
Days 1–30 · Stabilize	Map the current stack. Pick the system of record. Reconcile all bank accounts. Centralize receipts into one storage home. Fix the chart of accounts with your CPA.
Days 31–60 · Connect	Wire POS summaries into the books. Set up payroll posting. Define the inventory source of truth. Kill the shadow spreadsheets that duplicate the GL.
Days 61–90 · Operate	Run the first full month-end close on the new flow. Populate the KPI dashboard from clean books. Run the first CEO monthly review. Document who does what, when.

11. Your Financial Cadence

Rhythm	What happens
Daily (2 min)	Glance at cash. Know what hit the account.
Weekly (15 min)	Dashboard review: sales, cash, inventory movement. One decision if a metric is drifting.
Monthly (1 hour)	The full CEO review: P&L story, dashboard, break-even progress, projection vs. actual, tax readiness, three decisions.
Quarterly (half day)	Step back: pricing, margins, product mix, staffing model, capital needs. Update the projection's assumptions with a quarter of evidence.

12. Ten Common Founder Mistakes

- Managing from the bank balance instead of the books.
- Treating all cash as spendable while taxes build in the background.
- Discounting without doing the contribution-margin math first.
- Buying inventory because the deal was good, not because the turns support it.
- Hiring on optimism instead of on break-even math and runway.
- Letting the pitch-deck projection double as the operating plan.
- Keeping the real financial picture in one person's head — usually the founder's.
- Skipping months of bookkeeping, then paying strategy rates for cleanup.
- Ignoring a drifting margin because revenue is still growing.
- Waiting for a crisis to start the capital conversation.

13. Financial Warning Signs

Any one of these deserves attention. Two or more at once deserve a working session this week:

- Cash runway under two months without a plan you have written down.
- Gross margin sliding two months in a row.
- Revenue up while cash is down, and you can't explain exactly why.
- Inventory growing faster than sales.
- Labor percentage climbing faster than revenue.
- Payables stretching quietly because it's easier than looking.
- No tax money set aside despite profitable months.
- The books more than three weeks behind reality.

14. The Financial Maturity Roadmap

Stage	What it looks like
Stage 1 · Survival	Books exist but trail reality. Decisions made from the bank balance. Goal: reconciled monthly books and one source of truth.
Stage 2 · Visibility	Clean monthly close. Dashboard running. Break-even known. Goal: the monthly CEO review becomes a habit. ← Foundations 102 gets you here.
Stage 3 · Control	Projection maintained monthly against actuals. Pricing and hiring decisions run through the model first. Tax reserve automatic. Goal: no financial surprises.

Stage 4 · Strategy	Capital structure, funding, and scaling decisions made from a position of evidence. The founder operates as CEO-CFO. ⟵ This is where 103 begins.

15. Decision Checklists

Before you hire

- New break-even with the added salary — still reachable at current volume?
- Runway if revenue stays flat for three months after the hire?
- Projection says cash stays positive all twelve months?

Before you buy inventory

- Current turns — is existing inventory moving?
- Cash after the purchase vs. your low-point month?
- Margin on this product vs. your average?

Before you change prices

- New contribution margin per unit and new break-even?
- Volume change you can absorb before the move loses money?
- What the dashboard must show in 60 days for this to count as working?

Before you lease space

- New fixed-cost total and new break-even?
- Cash low point with the deposit and build-out included?
- Exit cost if volume doesn't follow?

Before you seek capital

- Runway today, honestly calculated?
- A projection you can defend line by line?
- What the money buys, and which number proves it worked?

16. CEO Monthly Review Template

Block one hour. Same day every month. Phone away. Walk the sequence:

- Cash & runway — enough for the next 30–90 days? Any obligations coming?
- P&L story — what changed in revenue, margin, expenses, profit — and why?

- Dashboard — which metric is marked Watch, and what action does it trigger?
- Break-even — above or below the line, trending which way?
- Projection vs. actual — is the plan still believable? Update the assumptions.
- Tax readiness — records current, reserve funded, CPA questions logged?
- Close with three decisions: one START, one STOP, one WATCH — each with an owner and a date.

Reflection Prompts

- What financial number would change how I make decisions this month?
- Which product, channel, or cost category needs better visibility?
- What decision needs to be tested in the projection before I commit?
- What would make my reports more useful to me as a CEO?
- What does my business need to prove before I pursue funding, hiring, or expansion?

The Gems Wall

The lines worth taping above your desk:

> *Clean information gives you choices. Messy information forces reactions.*
>
> *Revenue is exciting. Cash pays payroll.*
>
> *In cannabis, profit is not the same as cash — and cash is not the same as spendable cash.*
>
> *Your P&L is the autopsy. Your dashboard is the pulse.*
>
> *Inventory is cash wearing a disguise.*
>
> *Revenue is vanity, margin is sanity, break-even is survival.*
>
> *Growth magnifies weak systems.*
>
> *Hope is not a financial strategy.*
>
> *A founder should never be surprised by taxes.*
>
> *Every dollar has a job.*
>
> *The business should not have to get loud before you listen.*