

Cashing In on Cannabis: Bookkeeping for Startups

Naomi Granger ditched her desk job and launched Dope CFO in late 2017, a freelance accounting practice that helps marijuana startups and provides training for other bookkeepers serving the cannabis industry.

"I enjoyed my work, but I was tired of going into the office and sitting in a cubicle every day," says Ms. Granger. "After 12 years in public accounting, I didn't feel like what I was doing was meaningful anymore."

Ms. Granger has expanded the focus of the business from primarily doing accounting for startups to training other bookkeepers for work in the industry. After living and working around the country for years with firms like PricewaterhouseCoopers, Ms. Granger is now living in her hometown of Las Vegas, where marijuana has been legal since 2017. Here's Ms. Granger's story, edited and condensed from a recent interview.



Is accounting different when you're working with pot dispensaries as clients?

A lot of these business owners have been operating in black markets for decades. Now that they have the opportunity to do business legally, many are struggling to adjust because they've done things their own way for so long.

You might be working with a client and notice a \$25,000 transaction with no paperwork or information attached. You have to tell them, listen, we can't book sales without a receipt. And if they say they've always done it that way, you're the one who's got to say, 'No, not anymore.'

Cannabis is also subject to a special tax code, which means businesses can't write off operating expenses, only their costs for goods sold. That means they have these huge tax bills. Big expenses like payroll and rent can't be written off, because the federal government classifies marijuana

as an illicit substance.

What were the key steps to finding your specialization?

As an accountant, you have a skill set that allows you to work with all kinds of businesses. But if you go to the local chiropractor or hairdresser to offer your services, you might get paid \$300 or \$400 a month max to do their accounting. No one can live off \$400 a month, so you need 10 or 20 clients to make a good living, which is a lot to balance.

I came across other classes and programs run by people like me who had worked in public accounting and left to start their own firms. Their advice was to find a niche. I picked professional athletes at first. The ones who were actively playing seemed to be bombarded by different financial advisers.

Then I decided to try real estate because I already knew a few agents, but realized most didn't make enough money to hire an accountant.

That's when I stumbled upon cannabis. It's such an underserved industry, facing these huge problems because of the changing laws and massive growth. Most banks won't serve cannabis companies, and large accounting firms and accounting software providers don't want to serve the industry, either, because it's still an illegal business, federally speaking.

What's your favorite part of the job?

We're getting to see all of these business owners fight for a chance to thrive. It feels like we're part of a movement.

—Kelsey Gee

◀ Naomi Granger

Age: 38

Where: Dope CFO, Las Vegas

Education: B.A. in accounting and M.B.A., Florida Agricultural & Mechanical University

Salary: Ms. Granger says her pay can range from \$5,000 to \$30,000 a month, depending on sales volume

Saturday/Sunday, May 11 - 12, 2019 | **B7** 7

THE WALL STREET JOURNAL.

* * * *
