



PHASE 1



Introduction

Reserve House is a high end “reserve” cannabis company that sells flower, concentrate and edibles in various forms. Our customers love us for the purity and effectiveness of our products, the sophisticated packaging, educational content and the positive buying experience. Because we are a vertically integrated company we are able to ensure excellence in all aspects of our business from seed to sale.

Phase 1	2
Indemnification Agreement.....	4
Zoning Verification Letter.....	6
Commercial Cannabis Application.....	8
Phase 2	15
Location.....	16
Business Plan.....	23
Neighborhood Compatibility.....	52
Safety Plan.....	53
Security Plan.....	54
Air Quality Plan.....	63
Labor & Employment Plan.....	64
Phase 3	67
Qualifications of Owners.....	68
Location.....	69
Neighborhood Compatability Plan.....	75
Enviornmental Impact.....	76
Labor & Employment.....	79
Local Enterprise.....	82
Business Plan.....	83
Safety Plan.....	112
Security Plan.....	113
Community Benefits.....	122
Air Quality Plan.....	122
Organizational Structure & Chart.....	123
Plans & Maps.....	145



Indemnification Agreement

Placerville Limitations on City's Liability and Certifications, Assurances and Warranties – (Must be completed by all applicants)

a. WAIVER AND RELEASE OF LIABILITY AND AGREEMENT TO INDEMNIFY THE CITY OF PLACERVILLE

The applicant and all owners and operators hereby waive and releases the City from any and all liability for monetary damages related to or arising from the application for a permit, the City's decision to not issue the commercial cannabis business permit, the City's issuance of the commercial cannabis business permit, the City's decision to approve the operation of the commercial cannabis business or activity, the process used by the City in making its decision, or the enforcement of the conditions of the permit or any repeal or amendment of any provision of the Municipal Code relating to cannabis . The applicant certifies that under no circumstances shall the applicant cause any cause of action for monetary damages against the City of Placerville, the permitting official or any City employee or agent as a result of this permit application or issuance or the enforcement of the conditions of the permit.

b. RELEASE CITY OF PLACERVILLE FROM LIABILITY FOR ISSUING THE APPLICANT A PERMIT

By applying for a permit pursuant to the Placerville Commercial Cannabis Business Permit and by accepting a permit, from the City of Placerville Community Development Department acting as the Placerville Local Permitting Authority, the applicant/permittee, owners and operators, and each of them, waives and releases Placerville, and its elected officials, employees, agents, insurers and attorneys, and each of them, from any liability for injuries, damages, costs and expenses of any nature whatsoever that result or relate to the investigation, arrest or prosecution of business owners, operators, employees; clients or customers of the applicant/permittee for a violation of state or federal laws, rules or regulations relating to cannabis activities.

c. AGREEMENT TO INDEMNIFY CITY OF PLACERVILLE

By applying for a permit pursuant to the Placerville Commercial Cannabis Permit Program and by accepting a permit, from the Placerville Community Development Department acting as the Placerville Local Permitting Authority, the applicant/permittee, owners and operators, and each of them, jointly and severally if more than one, agrees to indemnify, defend and hold harmless Placerville, and its elected officials, employees, agents, insurers and attorneys, and each of them, against all liability, claims and demands, of any nature whatsoever, including, but not limited to, those arising from bodily injury, sickness, disease, death, property loss and property damage, arising out of or in any manner related to the operation of the commercial cannabis business that is the subject of the permit.

d. The applicant, commercial cannabis business manager and anyone with an ownership interest in the business referenced herein represents and certifies they have submitted to a Live Scan and/or background check no earlier than 30 days prior to the date of this application.

e. For renewals, the applicant represents and certifies that they continue to hold in good standing any permit/license required by the State of California where applicable for a commercial cannabis business operation.



Indemnification Agreement

- f. The applicant understands that operators, employees and members of the commercial cannabis business may be subject to prosecution under Federal Laws.
- g. The person whose signature appears below is authorized to sign this application on behalf of the business and has submitted this information and all attachments as required by the application process to obtain a commercial cannabis permit from the City of Placerville.

I declare under penalty of perjury that the information provided on this form is true and correct and do hereby apply for a permit pursuant to Placerville Municipal Code Chapter 5.28 and in compliance with Placerville Municipal Code Section 5.28.060, and all other applicable Sections of this Ordinance.


Applicant Signature

Jeremy Dlabaj - CEO
Printed Name and Title

4-26-19
Date

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Placer
Subscribed and sworn to (or affirmed) before me on this 26 day of April, 2019, by Jeremy Dlabaj, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

(Seal) Signature 





Zoning Verification Letter



City of Placerville

Development Services Department
3101 Center Street, Placerville, CA 95667
Planning (530) 642-5252 · Building (530) 642-5240 · Code Compliance (530) 642-5250

March 26, 2019

Scott Martin
560 Placerville Drive
Placerville, CA 95667

RE: **ZONING VERIFICATION FOR COMMERCIAL CANNABIS BUSINESS**
For: 560 Placerville Drive / Assessor's Parcel Number 323-580-01

Dear Mr. Martin:

The operation of a commercial cannabis business in the City of Placerville is regulated by City Code Title 5, Chapter 28, *Commercial Cannabis Activity*, Title 10, Chapter 5, Section 25, *Cannabis Business Overlay Zone (CBO)*, and the applicable commercial zone district. This office is responsible for the administration of the building and zoning ordinances governing the development and uses for the above-referenced property.

The purpose of this letter is to confirm the zoning of the property in question and to disclose any existing known building and/or zoning violations. Please note that existing code violations may limit the issuance of building permits other than those that would abate or correct the violation.

1. The property is presently zoned Commercial – Cannabis Business Overlay Zone (C-CBO) under the City's official zoning map.
2. The present zoning classification of the property permits the establishment of a commercial cannabis business as defined and regulated by City Ordinance.
3. Use of the property is governed by Conditional Use Permit (CUP) 80-07 (storage lot); CUP 82-14 (550 Placerville Drive); and CUP 82-12 and Site Plan Review (SPR) 82-16 (560 Placerville Drive).
4. The property has outstanding code and zoning violation including but not limited to the following:
 - CUP 87-07 (storage lot): The use of the property is not in conformance with the conditions of approval (Code Enforcement File: CE 16-063).
 - CUP 82-14 (550 Placerville Drive): The use of the property is not in conformance with the conditions of approval (Code Enforcement File: CE 16-063).



Zoning Verification Letter

- CUP 82-12 & SPR 82-16 (560 Placerville Drive): The use of the property is not in conformance with the conditions of approval (Code Enforcement File: CE 18-010).
- 560 Placerville Drive has an expired building permit (#6763) that has been reactivated (#19364).

The Department gives no assurances that all violations and issues have been identified regarding the subject property reviewed in this letter. Nor does the letter indicate if any outstanding fines are due. It is recommended that the applicant pursue all manner of due diligence.

This letter provides no guarantee that any distance requirements from any adjacent sensitive uses are being met in accordance with City Code Section 5.28.250. A zoning variance application would be required to be processed in accordance with City Code Section 10-3-5 to reduce the required 250 foot distance from a defined sensitive use.

Should you have any questions or need any additional information, please contact this office for clarification and assistance.

Sincerely,

Pierre Rivas

Pierre Rivas, Director
Development Services Department

- The purpose of this letter is to advise the applicant of the zoning and code requirements that apply to the property and to provide information regarding the zoning and code requirements that apply to the property.
1. The property is currently zoned CUP 82-12 (Community Use Permit) under the City's official zoning map.
 2. The proposed zoning for the property is CUP 82-12 (Community Use Permit).
 3. The property is governed by Ordinance 147 (Zoning Ordinance), CUP 82-12 (Community Use Permit), and CUP 82-12 and SPR 82-16 (560 Placerville Drive).
 4. The property has outstanding code and zoning violations that are listed in the following table:



Commercial Cannabis Application



City of Placerville
Development Services Department

COMMERCIAL CANNABIS BUSINESS APPLICATION

Applications shall be filed by appointment only and may not be filed by mail or email but must be filed in person. Please call (530) 642-5252 to make an appointment.

Applications accepted February 25 – April 29, 2019.

APPLICANT (BUSINESS) LEGAL NAME: JSCR Management LLC

DBA: Reserve House

Proposed Address/Location: 560 Placerville Drive, Placerville CA 95667

Assessor's Parcel Number (APN): 323-580-01-100

PRIMARY CONTACT: Jeremy Dlabaj

Title: CEO

Address: 3958 Valley Vista Drive, Camino CA 95709

Phone: 530.503.5905 Email: dlabajjeremy@gmail.com

24-Hour Contact Information: same as above

PROPERTY OWNER NAME: Barbara Henningsen

Address: 133 Delta Breeze, Roseville CA 95662

Phone: 916.601.1064 Email: bjhinc@aol.com

PROPERTY LANDLORD NAME: _____

Address: _____

Phone: _____ Email: _____

Commercial Cannabis Business Permit Type: Select from one or more of the following categories. For each category, indicate whether you are applying for Adult-Use ("A") or Medicinal ("M"), and, when applicable, which type of license you are applying for per the State's license types.

- Microbusiness (A/M) With Retail Store Front and Delivery
- Microbusiness (A/M) With Non-Store Front Retail only
- Microbusiness (A/M) Retail Store Front
- Non Store Front (A/M) – Delivery Only(Located within City Limits)
- Retail Store Front (A/M) – Delivery
- Distribution (A/M)
- Retail Store Front (A/M) – Non – Delivery

For details about the information required as part of the application process, see the Application Procedure Guidelines, Placerville Ordinance Nos. 1694, and any additional requirements to complete the application process. All documents can be found online at: <https://www.cityofplacerville.org/development-services>

OFFICE USE ONLY	Fees Paid	Date Paid / Receipt #
Date submitted: _____	Phase 1: _____	_____ / _____
Application #: _____	Phase 2: _____	_____ / _____
Received by: _____	Phase 3: _____	_____ / _____
	Phase 4: _____	_____ / _____



Commercial Cannabis Application

Owner Background Information (Must be completed by all Owners)

Under penalty of perjury, I acknowledge that I have personal knowledge of the information stated in this application and that the information contained herein is true. I also understand that the information provided in this application, except the Safety and Security Plan and certain confidential information such as Driver's License and Social Security number(s) which can be redacted, may be public information and subject to disclosure under the California Public Records Act.

Name: Jeremy Dlabaj
Title: CEO
Home Address: 3958 Valley Vista Drive, Camino CA 95709
Phone: 530.503.5905
Email address: dlabajjeremy@gmail.com Percentage of Ownership: 50%
Signature: _____ Date: April 20, 2019

Under penalty of perjury, I acknowledge that I have personal knowledge of the information stated in this application and that the information contained herein is true. I also understand that the information provided in this application, except the Safety and Security Plan and certain confidential information such as Driver's License and Social Security number(s) which can be redacted, may be public information and subject to disclosure under the California Public Records Act.

Name: Scott Martin
Title: COO
Home Address: 6294 Log Cabin Lane, Placerville CA 95667
Phone: 530.417.7811
Email Address: scottsebastianmartin@gmail.com Percentage of Ownership: 50%
Signature: _____ Date: April 20 2019

Under penalty of perjury, I acknowledge that I have personal knowledge of the information stated in this application and that the information contained herein is true. I also understand that the information provided in this application, except the Safety and Security Plan and certain confidential information such as Driver's License and Social Security number(s) which can be redacted, may be public information and subject to disclosure under the California Public Records Act.

Name: _____
Title: _____
Home Address: _____
Email Address: _____ Percentage of Ownership: _____
Phone: _____
Signature: _____ Date: _____





Commercial Cannabis Application

Add more pages as necessary to accommodate all Commercial Cannabis Business Owners.

Additional Information

List whether the applicant(s)/owner(s) has other licenses and/or permits issued to and/or revoked from the applicant/owner(s) in the three years prior to the year of the permit application, such other licenses and/or permits relating to similar business activities as in the permit application. If yes, list the type, current status, and issuing/denying agency for each license/permit. Please attach a separate document with an explanation, if necessary.

Jeremy Dlabaj is a partner of Delias LLC. Delias LLC has obtained four licenses in Sacramento, California.

These licenses include a cultivation (fully licensed). The manufacturing, distribution and retail delivery licenses are in the process of build out. The build out is expected to be complete and fully functional in the month of June, 2019.

Scott Martin is a partner of Earth & Iron Inc. a half acre permitted cultivation site Mokelumne Hill, currently non active.

List any and all applicant(s)/Owners who have been convicted of a felony or have engaged in misconduct that is substantially related to the qualifications, functions or duties of a cannabis operator, applicant, owner or employee. A conviction within this section means a plea or verdict of guilty, or a conviction following a plea of no contest. Attach a separate document with an explanation, if necessary.

NA

Describe the Commercial Cannabis Business' organizational status:

JSCR Management LLC an operational company taxed as a flow-through entity, with fiscal year January 1st.

JSCR works with SACCR Investment company. JSCR Management LLC is owned by Jeremy Dlabaj and Scott Martin.

Organizational structure documents and chart are in process.

Name and address of school closest to proposed location:

Edwin Markham Middle School 2800 Moulton Dr, Placerville, CA 95667

El Dorado High School 561 Canal St, Placerville, CA 95667

Name and address of existing alcohol-related establishment closest to proposed location:

Placerville Food Co-op 535 Placerville Dr, Placerville, CA 95667

Have you received a Zoning Verification Letter? (Please check the appropriate response)

Yes (include the letter in your application) No

Describe the neighborhood around the proposed location (i.e., surrounding uses; nearby sensitive uses such as schools, youth centers, churches, parks, daycare centers, or libraries; transit access to site; etc.):

There are no sensitive use areas within a half mile of the proposed locaiton





Commercial Cannabis Application


APPLICANT CERTIFICATION

I hereby certify, under penalty of perjury, on behalf of myself and all owners, managers and supervisors identified in this application that the statements and information furnished in this application and in the attached exhibits present the data and information required for this initial evaluation to the best of my ability, and that the facts, statements, and information presented are true and correct to the best of my knowledge and belief. I understand that a misrepresentation of fact is cause for rejection of this application, denial of the permit, or revocation of a permit issued.

In addition, I understand that the filing of this application grants the City of Placerville permission to reproduce submitted materials, including but not limited to, plans, exhibits, and photographs, for distribution to staff, Commission, Board, and City Council Members, and other Agencies in order to process the application. Nothing in this consent, however, shall entitle any person to make use of the intellectual property in plans, exhibits and photographs for any purpose unrelated to the City's consideration of this application.

Furthermore, by submitting this application I understand and agree that any business resulting from an approval shall be maintained and operated in accordance with requirements of the Placerville Municipal Code and State law.

Jeremy Dlabaj
Name
CEO, Reserve House
Title


Signature
April 27, 2019
Date



Commercial Cannabis Application

PROPERTY OWNER CONSENT

If applicant is other than the property owner(s), the owner(s) must provide a signed statement consenting to filing pursuant to Section 5.28.240 of the Placerville Municipal Code. Only original signatures will be accepted.

I/We, as the owner(s) of the subject property, consent to the filing of this application and use of the property for the purposes described herein. We further consent and hereby authorize City representative(s) to enter upon my property for the purpose of examining and inspecting the property in preparation of any reports and/or required environmental review for the processing of the application(s) being filed.


BARBARA THENNINGSEN TRUSTEE [Signature]
 Name Signature
Owner 4/26/19
 Title Date

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

Subscribed and sworn to before me this 26 day of April, 2019, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

[Signature]

D.D.

~~~~

[Signature]





Commercial Cannabis Application

Application Submittal Requirements

The following items must be submitted with all applications (2 physical copies and 1 electronic copy). If an item is not submitted, the application will be considered incomplete and **will not be accepted**. *Applicant shall check each box indicating the information is included in application prior to submittal.*

STAFF

ONLY

- Commercial Cannabis Business Application
- Application filing fee(s) Phase I
- Limitations on City’s Liability waiver
- Approved Zoning Verification Letter
- Live Scan/Background Check information for each Applicant/Owner/Principal (*see below for requirements*)
- Organizational structure documents (e.g., Articles of Incorporation, bylaws, partnership agreements, etc.)
- Organizational chart
- General Liability Policy (Required prior to issuance of permit)
- Calif. Dept. of Tax & Fee Admin. Sellers Permit (Required prior to issuance of permit)
- Photographs of existing site and buildings
- Vicinity map
- Site plan for each proposed location (*see below for requirements*)
- Floor plan for each proposed location (*see below for requirements*)
- Signage plan
- Supplemental evaluation criteria (*see below and Appendix A of the Application Procedure Guidelines for requirements*)
- Delivery-Proof of Compliance with state law and Placerville Municipal Code (5.28. 360)

Live Scan/Background Check information:

To be provided for each owner, principal and manager of the proposed business.

- Proof of submittal of Live Scan application and payment of fee to Placerville Police Department
- Cannabis Permit Employee/Owner Background Application
- Intelifi waiver form
- Two passport-quality photographs (2”x2”)
- Copy of Social Security card or ITIN
- Color copy of Driver’s License or other valid government-issued photo identification
- Proof of current address

Site Plan (1/4” = 1’ minimum scale)

Shall contain a minimum of the following information:

- North arrow, drawing scale, date of preparation and name of plan preparer
- Dimensions of subject property – including square footage
- Dimensions and names of all adjacent streets and public rights-of way
- Location and dimensions of all buildings and structures – including square footage





Commercial Cannabis Application

- Location and dimensions of landscaped areas
- Location of all parking areas and driveways and means of ingress and egress
- Location and dimensions of all handicap parking spaces, ramps, curb ramps and signs
- Location and dimensions of handicap-accessible Path of Travel to building entrance, sidewalks and interior walks
- Uses for all buildings and structures indicated on the site plan
- If any exterior alterations are proposed for the existing building(s), attach proposed building plans

Application Submittal Requirements (cont'd)

Floor Plan (1/4" = 1' minimum scale)

Shall contain a minimum of the following information:

- North arrow, drawing scale, date of preparation and name of plan preparer
- Location and dimensions for means of ingress and egress
- Square footage of all interior spaces
- Proposed uses of all interior spaces

Supplemental Evaluation Criteria:

The following information shall be provided as required in Appendix A of the Application Procedure Guidelines. Applicant shall check each box indicating the information is included in application prior to submittal.

STAFF ONLY

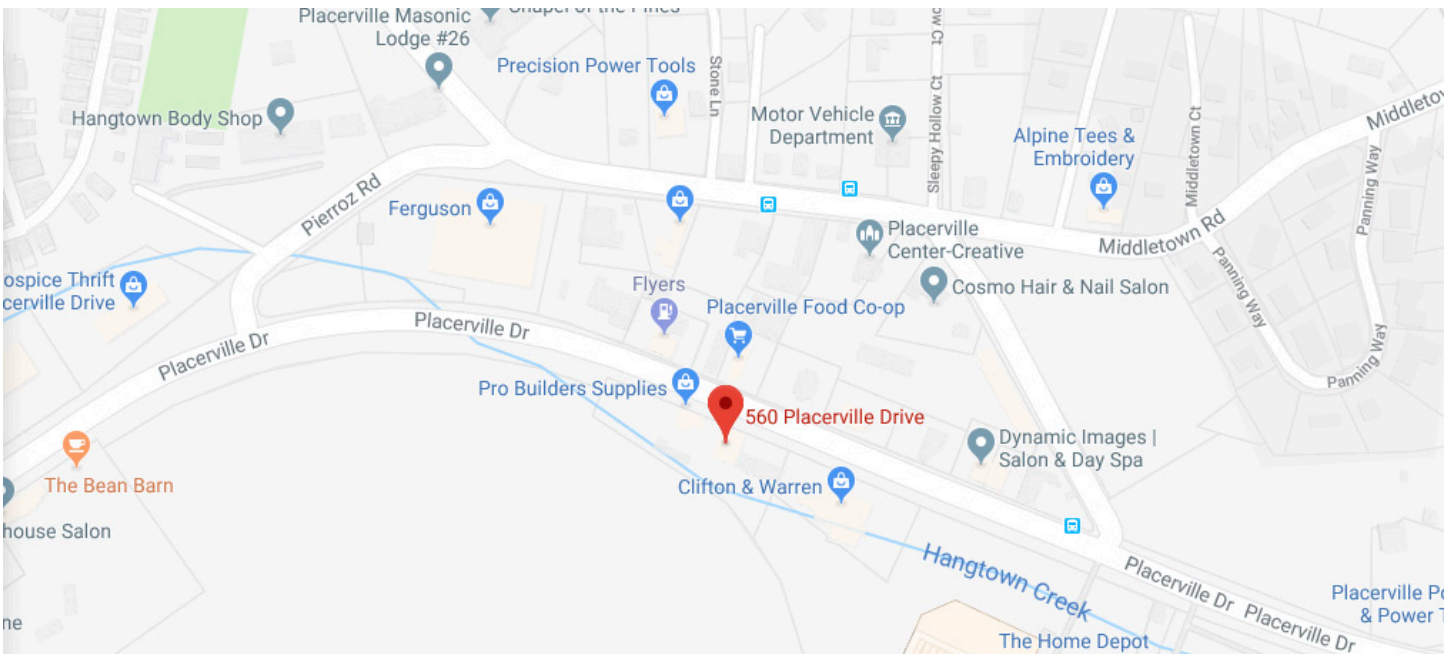
- Proposed Location
- Neighborhood Compatibility Plan
- Business Plan
- Safety Plan
- Security Plan
- Labor & Employment
- Local Enterprise
- Environmental Impact Mitigation
- Air Quality Plan
- Enhanced Product Safety
- Community Benefits

All sets of plans must be collated and folded to a minimum size of 8.5" x 11" and a maximum size of 8.5" x 14".

PHASE 2



Location



560 Placerville Drive, Placerville CA 95667

* See architectural drawings for additional details

*There are no sensitive use areas within 250 feet of this location.



.....

Location - Notarized Letter of Intent

Letter of Intent

Date: April 18, 2019

Seller/Owner: Barbara J. Henningsen Trust

Purchaser/Buyer: JSCR Management LLC

Broker: Sotheby's International Realty DRE #00899496
Representing both Buyer and Seller

Property: Known as 550 & 560 Placerville Drive, Placerville, CA 95667 APN# 323-580-01-120
in the County of El Dorado.

This **non-binding letter** represents Buyer's intent to purchase the above defined property including the land and improvements on the following terms and conditions:

Purchase Price: One million dollars (\$1,000,000)

Financing: Cash

Contingency: This purchase is contingent upon the Buyer receiving written approval and possession of The Commercial Cannabis Business Permit License from the City of Placerville, CA. This is to include Occupancy approval in writing from the City of Placerville, CA as it regards itself a cannabis business for operation on the subject property.

Purchase Contract: Buyer shall have seven (7) calendar days after receiving City approvals to mutually execute a formal purchase agreement in accordance with the guidelines of this Letter of Intent. Hereby, the formal Purchase Agreement must be executed before the first day of July, 2019 (07/01/19).



Location - Notarized Letter of Intent

Earnest Money: Ten thousand dollars (\$10,000) to be deposited into an escrow company account by Buyer within three (3) business days after a fully executed purchase agreement. An additional twenty thousand dollars (\$20,000) shall be deposited into the escrow company upon release of all contingencies.

Due Diligence: Buyer shall have a period of sixty (60) calendar days from the time of the execution of a formal Purchase Agreement to perform their due diligence. The due diligence will be acceptable to Buyer at their absolute and sole discretion, including and without limitation to: environmental matters, leases, physical inspection, title, and zoning.

Closing: Closing shall occur within forty-five (45) days after completion of due diligence period.

Additional Conditions: Buyer to accept current lease obligations, seller to provide full disclosure of any and all prepaid rents and security deposits held by Seller. Buyer may have an assignee for the final Purchase Agreement.

Real Property Taxes: Real property taxes shall be prorated at closing according to the local customary proration method.

Agent: Sandra M. Schirmer DRE# 01419062 represents both Buyer and Seller

This letter of intent is **not intended** to create a binding agreement on the Seller to sell or the Buyer to purchase. The purpose of this letter is to set forth the primary terms and conditions upon which to execute a formal Purchase Agreement. All other terms and conditions shall be negotiated in the formal Purchase Agreement.

Prepared by:

Broker: Sotheby International Realty DRE # 00899496

Agent: Sandra M. Schirmer DRE # 01419062

574 Lighthouse Ave, Pacific Grove, CA 93950

Ph: 831-869-2424 Email: smschirm@gmail.com

Signature: *Sandra M. Schirmer*
4-18-19



Location - Notarized Letter of Intent

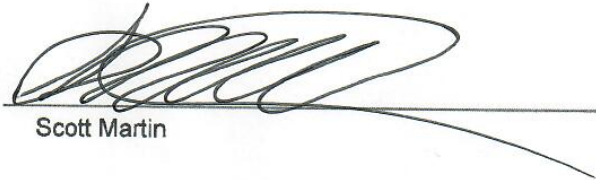
Agreed and Accepted:

Buyer : JSCR Management LLC

By: 
Jeremy Dlabaj

Date 4-22-2019

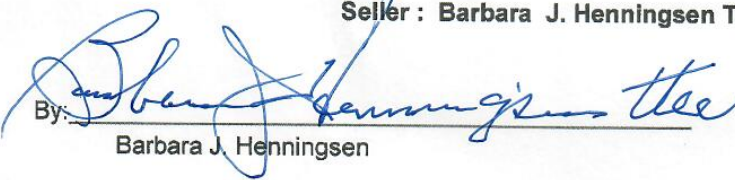
SEE ATTACHED FOR NOTARY FORM

By: 
Scott Martin

Date 4-22-2019

SEE ATTACHED FOR NOTARY FORM

Seller : Barbara J. Henningsen Trust

By: 
Barbara J. Henningsen

Date 4/22/2019

SEE ATTACHED FOR NOTARY FORM

Location - Notarized Letter of Intent

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Placer

On 4/22/2019 before me, Jessie Burek - Notary Public
(insert name and title of the officer)

personally appeared Jeremy Blabai
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Jessie Burek (Seal)



.....

Location - Notarized Letter of Intent

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Placer)

On 4/22/19 before me, Jessica Burek Notary Public
(insert name and title of the officer)

personally appeared Scott Martin,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Jessica Burek (Seal)

Location - Notarized Letter of Intent

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Placer

On 4/22/2019 before me, Jessica Burek - Notary Public
(insert name and title of the officer)

personally appeared Barbara J. Henningsen
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Jessica Burek (Seal)





.....

Business Plan - *General Introduction*

Licensed cannabis micro-business operations contain the full spectrum of the industry from product creation to delivery. We at Reserve House will prioritize and be laser focused on the following functions:

Purchasing high quality raw cannabis material from local farmers

- Safe and efficient operations using engineer-certified, state-of-the art equipment, as required by the state and local laws.
- Acquisition of clean test results from orderly, regulation-compliant third-party testing labs
- Professional and state compliant packaging and labeling of exceptional finished goods that clients and regulations demand
- Secure distribution of these packaged goods
- Calculation, collection, and payment of all required taxes to local, state, and federal agencies
- Keeping detailed records and maintaining a spotless tracking of all inventory along the way.

Our methods for making sure our proposed medical cannabis business succeeds while staying in compliance with all local and state regulations start with implementation of the attached draft standard operating procedures (SOP's) and training.

Our team is committed to be an example to those in the cannabis industry and will help to make the City of Placerville a beaming case study in compliance and execution. The following paragraphs should provide you with a brief overview of our business with details following within this document as well as in our exhibits and attachments to address the specific evaluation criteria for the City of Placerville.



.....

Business Plan - *Cultivation Phase I & II*

Phase I of cultivation will use the existing building space with 40 lights. Phase II of cultivation will begin operations with additional 168 lamps in 2022, after the building expansion is complete.

Day to Day Operations - Cultivation

The following operations apply to cloning, propagation, growth, harvest and final processing. We will start with an initial plant inspection for pests, disease, overall health (plant, employees, community), safety equipment and personal protective equipment [PPE], watering, odor-control systems operating properly, security systems operational, and safety gear functional. Create hydroponic solutions and apply to plants. Pump out and properly dispose of old hydroponic solutions. Maintain cleanliness and organization of cultivation operations areas on a daily basis. Prune for desired growth and quality. Harvest or planting new plants as needed. Harvested plants set up for curing and trimming.

Integrated Pest Management [IPM] will be run by following Standard Operating Procedures [SOP's] and training. We will use non-toxic, organic practices and beneficial insects whenever possible. All operations will abide by State and Local laws.

Quality control testing will be performed regularly for purity, potency, contamination and compliance.

Legal Compliance – Cultivation

We will be compliant with all local and State laws relevant to the cannabis industry. Locally, we will comply with California Cannabis Business [CCB] and Placerville Municipal Code [PMC] Section 5.28.040. We will stay current with such laws.

We will pay all taxes on time, prevent diversion with security and inventory control. We will provide ongoing education for our employees. We will use the best health and safety equipment and procedures. We will also ensure health and safety for our clients and local community.

Prevent Diversion – Cultivation

We will track and control inventory of all plants from cloning to finished product. We have researched tracking, inventory and control systems and plan to use the Baker Point Of Sale [POS] system.

Start-Up Construction – Cultivation

Construction and build-out is contingent on purchase of real estate, construction permits and licensing approval. Once those are in place, we will complete building improvements, install all electrical, LED lighting, plumbing, solar and irrigation equipment. Upon completion of start-up we will be completely ready to begin cultivation from cloning to final product. Please see start-up budget and timeline for details.

Business Plan - *Cultivation* (Phase I) Cash Flow Year 1

		CASH FLOW Statement													
		2020													
		Year 1													
		January	February	March	April	May	June	July	August	September	October	November	December	TOTALS	
1	Beginning Cash Balance	\$75,000	\$61,763	\$48,525	\$30,488	\$71,714	\$112,941	\$122,167	\$131,394	\$140,620	\$149,847	\$159,073	\$168,300	\$76,000	
2	Cash inflows (income):													0	
3	dry trimmed product sales													0	
4	Investment Income													0	
5	Other:													0	
6	Total Cash Inflows	\$0	\$0	\$0	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	
7	Available Cash Balance	\$75,000	\$61,763	\$48,525	\$30,488	\$71,714	\$112,941	\$122,167	\$131,394	\$140,620	\$149,847	\$159,073	\$168,300	\$76,000	
8	Cash Outflows (Expenses):													0	
9	Trimming	1,500	1,500	4,800	1,500	4,800	1,500	4,800	1,500	4,800	1,500	4,800	1,500	4,800	
10	Grow supplies, nutr, chem, fert ...	200	200	200	200	200	200	200	200	200	200	200	200	200	
11	Insurance	100	100	100	100	100	100	100	100	100	100	100	100	100	
12	Accountant/Bookkeeper	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	
13	Security	200	200	200	200	200	200	200	200	200	200	200	200	200	
14	Maintenance & Repairs	200	200	200	200	200	200	200	200	200	200	200	200	200	
15	Operating Supplies	563	563	563	563	563	563	563	563	563	563	563	563	563	
16	Labor	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
17	Marketing	25	25	25	25	25	25	25	25	25	25	25	25	25	
18	Software, subscriptions	200	200	200	200	200	200	200	200	200	200	200	200	200	
19	Professional Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	
20	Rent	50	50	50	50	50	50	50	50	50	50	50	50	50	
21	Office Supplies	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	
22	Permits & Licenses	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	
23	Utilities & Telephone	600	600	600	600	600	600	600	600	600	600	600	600	600	
24	Community Benefits	500	500	500	500	500	500	500	500	500	500	500	500	500	
25	Taxes City	600	600	600	600	600	600	600	600	600	600	600	600	600	
26	Taxes State	4736	4736	4736	4736	4736	4736	4736	4736	4736	4736	4736	4736	4736	
27	Contingency	500	500	500	500	500	500	500	500	500	500	500	500	500	
28	Subtotal	\$13,238	\$13,238	\$18,038	\$22,774	\$22,774	\$24,774	\$24,774	\$24,774	\$24,774	\$24,774	\$24,774	\$24,774	\$24,774	
29	Other Cash Out Flows:														
30	Capital Purchases														
31	Business Expansion														
32	Owner's Draw														
33	Partner dividend														
34	Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
35	Total Cash Outflows	\$13,238	\$13,238	\$18,038	\$22,774	\$22,774	\$24,774	\$24,774	\$24,774	\$24,774	\$24,774	\$24,774	\$24,774	\$24,774	
36	Net Income	(\$13,238)	(\$13,238)	(\$18,038)	(\$18,038)	(\$18,038)	(\$18,038)	(\$18,038)	(\$18,038)	(\$18,038)	(\$18,038)	(\$18,038)	(\$18,038)	(\$18,038)	
37	Ending Cash Balance	\$61,763	\$48,525	\$30,488	\$71,714	\$112,941	\$122,167	\$131,394	\$140,620	\$149,847	\$159,073	\$168,300	\$177,528	\$403,474	

Assumptions

1	
2	
3	monthly product sales
4	trimming
5	fert, chem, supplies
6	labor
7	rent
8	marketing
9	taxes city
10	taxes state

- 32 lamps, 2 lbs per light, harvest 16 lights per month = 32 pounds cured weight product x \$2000 per pound
- \$150 per pound x 32 pounds
- CO2, fert, nutrients
- 5 days a week, 5 hours a day part time - \$15 an hour x 1.5 for tax, social sec, workmans comp etc...
- buying building - no rent
- weedmaps
- per section 5-28-5, \$7 per square foot of canopy
- \$9.25 per ounce = \$148 per pound



Business Plan - *Cultivation* (Phase I) Cash Flow Year 2

		2021												TOTALS
		Year 2												
		CASH FLOW Statement												
		January	February	March	April	May	June	July	August	September	October	November	December	
1	Beginning Cash Balance	130,826	\$139,415	\$148,004	\$156,593	\$165,182	\$173,771	\$182,360	\$190,949	\$199,538	\$208,127	\$216,716	\$225,305	788,000
2	Cash Inflows (Income):													0
3	dry trimmed product sales	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	0
4	investment income													0
5	Other:													0
6	Total Cash Inflows	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	64,000
7	Available Cash Balance	\$194,826	\$203,415	\$212,004	\$220,593	\$229,182	\$237,771	\$246,360	\$254,949	\$263,538	\$272,127	\$280,716	\$289,305	788,000
8	Cash Outflows (Expenses):													0
9	Trimming	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	57,600
10	Grow supplies, nutr, chem, fert ...	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
11	Insurance	200	200	200	200	200	200	200	200	200	200	200	200	2,400
12	Accountant/Bookkeeper	100	100	100	100	100	100	100	100	100	100	100	100	1,200
13	Security	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	31,200
14	Maintenance & Repairs	200	200	200	200	200	200	200	200	200	200	200	200	2,400
15	Operating Supplies	200	200	200	200	200	200	200	200	200	200	200	200	2,400
16	Labor	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	14,400
17	Marketing	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
18	Software, subscriptions	25	25	25	25	25	25	25	25	25	25	25	25	300
19	Professional Fees	200	200	200	200	200	200	200	200	200	200	200	200	2,400
20	Rent	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Office Supplies	50	50	50	50	50	50	50	50	50	50	50	50	600
22	Permits & Licenses	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
23	Utilities & Telephone	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	48,000
24	Community Benefits	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
25	Taxes City	600	600	600	600	600	600	600	600	600	600	600	600	7,200
26	Taxes State	4736	4736	4736	4736	4736	4736	4736	4736	4736	4736	4736	4736	6,000
27	Contingency	500	500	500	500	500	500	500	500	500	500	500	500	6,000
28	Subtotal	\$25,411	\$25,411	\$25,411	\$25,411	\$25,411	\$25,411	\$25,411	\$25,411	\$25,411	\$25,411	\$25,411	\$25,411	304,932
29	Other Cash Out Flows:													0
30	Capital Purchases													0
31	Business Expansion	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
32	Owner's Draw	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
33	Partner dividend	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
34	Subtotal	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	360,000
35	Total Cash Outflows	\$55,411	\$55,411	\$55,411	\$55,411	\$55,411	\$55,411	\$55,411	\$55,411	\$55,411	\$55,411	\$55,411	\$55,411	\$674,932
36	Net Income	\$8,589	\$8,589	\$8,589	\$8,589	\$8,589	\$8,589	\$8,589	\$8,589	\$8,589	\$8,589	\$8,589	\$8,589	\$104,068
37	Ending Cash Balance	\$139,415	\$148,004	\$156,593	\$165,182	\$173,771	\$182,360	\$190,949	\$199,538	\$208,127	\$216,716	\$225,305	\$233,894	\$544,932

Assumptions

- 32 lamps, 2 lbs per light, harvest 16 lights per month = 32 pounds cured weight product x \$2000 per pound
- trimming \$150 per pound x 32 pounds
- CO2, fert, nutrients
- 5 days a week, 5 hours a day part time - \$15 an hour x 1.5 for tax, social sec, workmans comp etc...
- buying building - no rent
- weedmaps
- marketing
- per section 5-28-5, \$7 per square foot of canopy
- taxes city
- taxes state = \$9.25 per ounce = \$148 per pound



Business Plan - *Cultivation* (Phase I) Cash Flow Year 3

		2022												TOTALS
Year 3		January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
1	244,844	\$252,933	\$261,022	\$269,111	\$277,200	\$285,289	\$293,378	\$301,467	\$309,556	\$317,645	\$325,734	\$333,823	768,000	
2	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	0	
3													0	
4													0	
5													0	
6													0	
7													0	
8													0	
9													0	
10													0	
11													0	
12													0	
13	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	
14	\$308,844	\$316,933	\$325,022	\$333,111	\$341,200	\$349,289	\$357,378	\$365,467	\$373,556	\$381,645	\$389,734	\$397,823	768,000	
15													0	
16	4800	4800	4800	4800	4800	4800	4800	4800	4800	4800	4800	4800	4800	
17	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	
18	200	200	200	200	200	200	200	200	200	200	200	200	200	
19	100	100	100	100	100	100	100	100	100	100	100	100	100	
20	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	
21	200	200	200	200	200	200	200	200	200	200	200	200	200	
22	200	200	200	200	200	200	200	200	200	200	200	200	200	
23	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	
24	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
25	25	25	25	25	25	25	25	25	25	25	25	25	25	
26	200	200	200	200	200	200	200	200	200	200	200	200	200	
27	0	0	0	0	0	0	0	0	0	0	0	0	0	
28	50	50	50	50	50	50	50	50	50	50	50	50	50	
29	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	
30	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	
31	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	
32	600	600	600	600	600	600	600	600	600	600	600	600	600	
33	4736	4736	4736	4736	4736	4736	4736	4736	4736	4736	4736	4736	4736	
34	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	
35													0	
36													0	
37	\$25,911	\$25,911	\$25,911	\$25,911	\$25,911	\$25,911	\$25,911	\$25,911	\$25,911	\$25,911	\$25,911	\$25,911	\$25,911	
38													0	
39													0	
40	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	
41	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	
42	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	
43													0	
44	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	
45	\$55,911	\$55,911	\$55,911	\$55,911	\$55,911	\$55,911	\$55,911	\$55,911	\$55,911	\$55,911	\$55,911	\$55,911	\$55,911	
46	\$8,089	\$8,089	\$8,089	\$8,089	\$8,089	\$8,089	\$8,089	\$8,089	\$8,089	\$8,089	\$8,089	\$8,089	\$8,089	
47	\$252,933	\$261,022	\$269,111	\$277,200	\$285,289	\$293,378	\$293,378	\$301,467	\$309,556	\$317,645	\$325,734	\$333,823	\$341,912	

Assumptions

- 1
 - 2
 - 3 monthly product sales
 - 4 trimming
 - 5 fert, chem, supplies
 - 6 labor
 - 7 rent
 - 8 marketing
 - 9 taxes city
 - 10 taxes state
- 32 lamps, 2 lbs per light, harvest 16 lights per month = 32 pounds cured weight product x \$2000 per pound
 \$150 per pound x 32 pounds
 CO2, fert, nutrients
 5 days a week, 5 hours a day part time - \$15 an hour x 1.5 for tax, social sec, workmans comp etc...
 buying building - no rent
 weedmaps
 per section 5-28-5, \$7 per square foot of canopy
 \$9.25 per ounce = \$148 per pound



Business Plan - *Cultivation* (Phase II) Cash Flow Year 1

		2022												
		CASH FLOW STATEMENT												
		Year 1												
		January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
1	Beginning Cash Balance													
2	Cash Inflows (Income):													
3	dry trimmed product sales	250,000	188,975	127,950	86,925	207,636	348,747	489,658	520,569	551,480	582,391	613,302	644,213	2,266,000
4	Investment Income													0
5	Other:													0
6	Total Cash Inflows	\$0	\$0	\$0	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	2,266,000
7	Available Cash Balance	\$250,000	\$188,975	\$127,950	\$318,925	\$459,836	\$600,747	\$741,658	\$772,569	\$803,480	\$834,391	\$865,302	\$896,213	2,266,000
8	Cash Outflows (Expenses):													
9	Trimming	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
10	Insurance	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
11	Accountant/Bookkeeper	100	100	100	100	100	100	100	100	100	100	100	100	1,200
12	Security	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	31,200
13	Maintenance & Repairs	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
14	Operating Supplies	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
15	Labor	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	259,200
16	Marketing	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
17	Software, subscriptions	100	100	100	100	100	100	100	100	100	100	100	100	1,200
18	Professional Fees	200	200	200	200	200	200	200	200	200	200	200	200	2,400
19	Communications Equip.	100	100	100	100	100	100	100	100	100	100	100	100	1,200
20	Rent	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Office Supplies	100	100	100	100	100	100	100	100	100	100	100	100	1,200
22	Permits & Licenses	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
23	Utilities & Telephone	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	180,000
24	Community Benefits	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	180,000
25	Taxes City	1225	1225	1225	1225	1225	1225	1225	1225	1225	1225	1225	1225	14,700
26	Taxes State	24864	24864	24864	24864	24864	24864	24864	24864	24864	24864	24864	24864	300,000
27	Contingency	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	30,000
28	Subtotal	\$61,025	\$61,025	\$61,025	\$111,089	\$111,089	\$111,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	1,302,876
29	Other Cash Out Flows:													
30	Capital Purchases													0
31	Business Expansion													0
32	Owner's Draw													0
33	Partner dividend													0
34	Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0
35	Total Cash Outflows	\$61,025	\$61,025	\$61,025	\$111,089	\$111,089	\$111,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	1,302,876
36	Net Income	(\$61,025)	(\$61,025)	(\$61,025)	(\$61,025)	(\$61,025)	(\$61,025)	(\$61,025)	(\$61,025)	(\$61,025)	(\$61,025)	(\$61,025)	(\$61,025)	(\$61,025)
37	Ending Cash Balance	\$188,975	\$127,950	\$66,925	\$207,636	\$348,747	\$489,658	\$520,569	\$551,480	\$582,391	\$613,302	\$644,213	\$675,124	\$1,722,876

Assumptions

- 3 monthly product sales 168 lamps, 2 lbs per light, harvest 84 lights per month = 168 pounds cured weight/product x \$1500 per pound
- 4 trimming \$150 per pound x 168 pounds
- 5 fert, chem, supplies CO2, fert, nutrients
- 6 labor 8 hours a day, 30 days a month, \$20 an hour x 1.5 for tax, social sec, workmans comp etc.... 3 workers
- 7 rent buying building - no rent
- 8 marketing shows, conventions
- 9 taxes city per section 5-28-5, \$7 per square foot of canopy
- 10 taxes state \$9.25 per ounce = \$148 per pound



Business Plan - *Cultivation* (Phase II) Cash Flow Year 2

		2023												TOTALS
		January	February	March	April	May	June	July	August	September	October	November	December	
1	Beginning Cash Balance	675,124	\$706,035	\$736,946	\$767,857	\$798,768	\$829,679	\$860,590	\$891,501	\$922,412	\$953,323	\$984,234	\$1,015,145	3,024,000
2	Cash Inflows (Income):	252,000	252,000	252,000	252,000	252,000	252,000	252,000	252,000	252,000	252,000	252,000	252,000	0
3	dry trimmed product sales													0
4	Investment Income													0
5	Other:													0
6	Total Cash Inflows	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	0
7	Available Cash Balance	\$927,124	\$958,035	\$988,946	\$1,019,857	\$1,050,768	\$1,081,679	\$1,112,590	\$1,143,501	\$1,174,412	\$1,205,323	\$1,236,234	\$1,267,145	3,024,000
8	Cash Outflows (Expenses):	252,000	252,000	252,000	252,000	252,000	252,000	252,000	252,000	252,000	252,000	252,000	252,000	302,400
9	Trimming	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
10	Grow supplies, nutr, chem, fert...	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
11	Insurance	100	100	100	100	100	100	100	100	100	100	100	100	1,200
12	Accountant/Bookkeeper	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	31,200
13	Security	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
14	Maintenance & Repairs	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
15	Operating Supplies	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	259,200
16	Labor	100	100	100	100	100	100	100	100	100	100	100	100	1,200
17	Software, subscriptions	200	200	200	200	200	200	200	200	200	200	200	200	2,400
18	Professional Fees	100	100	100	100	100	100	100	100	100	100	100	100	1,200
19	Communications Equip.	0	0	0	0	0	0	0	0	0	0	0	0	0
20	Rent	100	100	100	100	100	100	100	100	100	100	100	100	1,200
21	Office Supplies	100	100	100	100	100	100	100	100	100	100	100	100	1,200
22	Permits & Licenses	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
23	Utilities & Telephone	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	180,000
24	Community Benefits	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000
25	Taxes City	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	14,700
26	Taxes State	2,4864	2,4864	2,4864	2,4864	2,4864	2,4864	2,4864	2,4864	2,4864	2,4864	2,4864	2,4864	30,000
27	Contingency	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
28	Subtotal	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	1,573,068
29	Other Cash Out Flows:													0
30	Capital Purchases	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	600,000
31	Business Expansion	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000
32	Owner's Draw	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000
33	Partner dividend													0
34	Subtotal	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	1,080,000
35	Total Cash Outflows	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	2,653,068
36	Net Income	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911
37	Ending Cash Balance	\$706,035	\$736,946	\$767,857	\$798,768	\$829,679	\$860,590	\$891,501	\$922,412	\$953,323	\$984,234	\$1,015,145	\$1,046,056	\$2,413,988

Assumptions

- 3 monthly product sales 168 lamps, 2 lbs per light, harvest 84 lights per month = 168 pounds cured weight product x \$1500 per pound
- 4 trimming \$150 per pound x 168 pounds
- 5 fert, chem, supplies CO2, fert, nutrients
- 6 labor 8 hours a day, 30 days a month, \$20 an hour x 1.5 for tax, social sec, workmans comp etc.... 3 workers
- 7 rent buying building - no rent
- 8 marketing shows, conventions
- 9 taxes city per section 5-28-5, \$7 per square foot of canopy
- 10 taxes state \$9.25 per ounce = \$148 per pound



Business Plan - *Cultivation* (Phase II) Cash Flow Year 3

CASH FLOW STATEMENT													
2024													
	January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
1													
2													
3													
4													
5	Beginning Cash Balance	1,046,056	\$1,076,967	\$1,107,878	\$1,138,789	\$1,169,700	\$1,231,522	\$1,262,433	\$1,293,344	\$1,324,255	\$1,355,166	\$1,386,077	3,024,000
6	Cash Inflows (Income):	252,000	252,000	252,000	252,000	252,000	252,000	252,000	252,000	252,000	252,000	252,000	0
7	dry trimmed product sales												0
8	Investment Income												0
9	Other:												0
10													0
11													0
12													0
13	Total Cash Inflows	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000
14	Available Cash Balance	\$1,298,056	\$1,328,967	\$1,359,878	\$1,390,789	\$1,421,700	\$1,483,522	\$1,514,433	\$1,545,344	\$1,576,255	\$1,607,166	\$1,638,077	3,024,000
15	Cash Outflows (Expenses):												
16	Trimming	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200	302,400
17	Grow supplies, nutr, chem, fert...	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
18	Insurance	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
19	Accountant/Bookkeeper	100	100	100	100	100	100	100	100	100	100	100	1,200
20	Security	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	31,200
21	Maintenance & Repairs	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
22	Operating Supplies	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
23	Labor	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	259,200
24	Marketing	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
25	Software, subscriptions	100	100	100	100	100	100	100	100	100	100	100	1,200
26	Professional Fees	200	200	200	200	200	200	200	200	200	200	200	2,400
27	Communications Equip.	100	100	100	100	100	100	100	100	100	100	100	1,200
28	Rent	0	0	0	0	0	0	0	0	0	0	0	0
29	Office Supplies	100	100	100	100	100	100	100	100	100	100	100	1,200
30	Permits & Licenses	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
31	Utilities & Telephone	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	180,000
32	Community Benefits	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000
33	Taxes City	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	14,700
34	Taxes State	24,864	24,864	24,864	24,864	24,864	24,864	24,864	24,864	24,864	24,864	24,864	299,168
35	Contingency	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
36													0
37	Subtotal	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	1,573,068
38	Other Cash Out Flows:												0
39	Capital Purchases												0
40	Business Expansion	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	600,000
41	Owner's Draw	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000
42	Partner dividend	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000
43													0
44	Subtotal	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$840,000
45	Total Cash Outflows	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	\$2,413,068
46	Net Income	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$369,932
47	Ending Cash Balance	\$1,076,967	\$1,107,878	\$1,138,789	\$1,169,700	\$1,200,611	\$1,262,433	\$1,293,344	\$1,324,255	\$1,355,166	\$1,386,077	\$1,416,988	

Assumptions

- 3 monthly product sales 168 lamps, 2 lbs per light, harvest 84 lights per month = 168 pounds cured weight product x \$1500 per pound
- 4 trimming \$150 per pound x 168 pounds
- 5 fert, chem, supplies CO2, fert, nutrients
- 6 labor 8 hours a day, 30 days a month, \$20 an hour x 1.5 for tax, social sec, workmans comp etc... 3 workers
- 7 rent buying building - no rent
- 8 marketing shows, conventions
- 9 taxes city per section 5-28-5, \$7 per square foot of canopy
- 10 taxes state \$9.25 per ounce = \$148 per pound



.....

Business Plan - *Manufacturing* Phases I & II

Phase I will include purchasing oil and manufacturing, packaging and labeling of edibles. Phase II will start in 2021 upon completion of building expansion and will include our own botanical extraction of oils.

Day to Day Operations – Phase I - Manufacturing Edibles

During the initial phase of production Reserve House will be producing chocolate items only. We will require each employee working in the edibles kitchen to pass an online food certification class, provide the test results showing they have passed the test and understand the materials, and follow the required safety and cleanliness standards set forth by the State of California.

Upon arrival, check security systems, cleanliness, environmental control, raw materials supply and mechanical equipment functionality and safety. Perform any required maintenance on equipment. Then re-stock raw materials, turn on equipment as appropriate. Begin following batch recipe SOP's and edible manufacturing process. Always wear personal protective equipment when contacting any raw materials or products.

At the end of the day, turn equipment off, inventory final product and raw materials, replenish or order as needed. Ensure work area is safe and clean.

Our edibles manufacturing operations will be ran by following Standard Operating Procedures [SOP's] and training. All operations will abide by State and Local laws and health codes.

Quality control testing will be performed regularly for purity, potency, contamination, quality and compliance.

Ingredients and potency of chocolate products:
Milk or dark chocolate 100mg / 5mg per serving

- 100mg thc per bar
- 5mg thc per serving / 20 pieces
- 50g bar (1.7oz)

Ingredients: Milk Chocolate (Sugar, Cocoa Butter, Milk, Unsweetened Chocolate, Lecithin (Sunflower and/or Soya), Vanilla), Cannabis Extract.

Label: Allergy Warning: Contains Milk. May Contain Traces of Nuts. 34% Cacao



.....

Business Plan - *Manufacturing* Phases I & II

We will operate a Type 6 non-volatile manufacturing business focused on extraction of the oils of the cannabis plant via the following technique:

Daily Activities (same as Phase I and the following for extraction):

The extraction team's day is comprised of inspection of the raw material and packing it into columns that are then attached to the extraction equipment. The techs then closely monitor the equipment and collect the resulting oil, which is then carefully stored and further processed through several different proprietary curing or finishing techniques that could last up to five or six days to produce an exceptionally high-quality, consistent, safe, test-passing product.

The Short Path Distillation is for final refinement. This process employs a setup that uses a heated flask is where the extraction material is fed. Gradually, increased heat is applied to the extract material in the feed flask. A vacuum is also applied to assist in drawing the vapors up into the fractionating tubing. From the fractionating tubing the contents then hit the condensing tube where the fractions take separate paths. The weight of each fraction determines the collection flask. After a batch has been completed, it is delivered to distribution for quarantine, testing and release for packaging.

Legal Compliance – Manufacturing

We will be compliant with all local and State laws relevant to the cannabis industry. Locally, we will comply with California Cannabis Business [CCB] and Placerville Municipal Code [PMC] Section 5.28.040. We will stay current with such laws.

We will pay all taxes on time, prevent diversion with security and inventory control. We will provide ongoing education for our employees. We will use the best health and safety equipment and procedures. We will also ensure health and safety for our clients and local community.

Prevent Diversion – Manufacturing

We will track and control inventory of all products from raw materials acquisition to final packaged product. We have researched tracking, inventory and control systems and plan to use the Baker Point Of Sale [POS] system.

Start-Up Construction – Manufacturing Phase I

Construction and build-out is contingent on purchase of real estate, construction permits and licensing approval. Once those are in place, we will complete building improvements, install all electrical, LED lighting, solar, furniture, manufacturing equipment, computers, shelving, cabinets. Upon completion of start-up we will be completely ready to begin product sales. Please see start-up budget and timeline for details.



Business Plan - *Manufacturing* (Phase I) Cash Flow Year 1

PHASE I Mfg CASH FLOW Statement													
Year 1 - 2020													
	January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
1													
2													
3													
4	Beginning Cash Balance	\$6,300	\$41,100	\$75,900	\$90,700	\$105,500	\$120,300	\$125,100	\$129,900	\$134,700	\$139,500	\$144,300	1,380,000
5	Cash Inflows (Income):												0
6	Edibles Sales	60,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	1,200,000
7	Other:												0
8													0
9													0
10													0
11	Total Cash Inflows	\$60,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	1,200,000
12	Available Cash Balance	\$90,000	\$161,100	\$195,900	\$210,700	\$225,500	\$240,300	\$245,100	\$249,900	\$254,700	\$259,500	\$264,300	1,380,000
13	Cash Outflows (Expenses):												0
14	Advertising	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12,000
15	Insurance	100	100	100	100	100	100	100	100	100	100	100	1,200
16	Interest												0
17	Cannabis Oil	17,150	17,150	17,150	17,150	17,150	17,150	17,150	17,150	17,150	17,150	17,150	205,800
18	Hardware Purchases	0	0	0	0	0	0	0	0	0	0	0	0
19	Maintenance & Repairs	300	300	300	300	300	300	300	300	300	300	300	3,600
20	Chocolate	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	126,000
21	Payroll	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	259,200
22	Payroll Expenses	50	50	50	50	50	50	50	50	50	50	50	600
23	Packaging	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	342,000
24	Professional Fees	200	200	200	200	200	200	200	200	200	200	200	2,400
25	Communications Equip.	200	200	200	200	200	200	200	200	200	200	200	2,400
26	Community Benefits												0
27	Office Supplies	100	100	100	100	100	100	100	100	100	100	100	1,200
28	Permits & Licenses	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
29	Utilities & Telephone	500	500	500	500	500	500	500	500	500	500	500	6,000
30	Travel	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
31	Taxes City - 2.5%	1,500	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	34,500
32	Other:												0
33													0
34													0
35													0
36	Subtotal	\$83,700	\$85,200	\$85,200	\$85,200	\$85,200	\$85,200	\$85,200	\$85,200	\$85,200	\$85,200	\$85,200	1,110,900
37	Other Cash Out Flows:												0
38	Capital Purchases												0
39	Business Expansion												0
40	Loan Principal												0
41	Owner's Draw												0
42	Partner's Draw												0
43	Other:												0
44													0
45	Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
46	Total Cash Outflows	\$83,700	\$85,200	\$85,200	\$85,200	\$85,200	\$85,200	\$85,200	\$85,200	\$85,200	\$85,200	\$85,200	\$1,110,900
47	Ending Cash Balance	\$6,300	\$41,100	\$75,900	\$90,700	\$105,500	\$120,300	\$125,100	\$129,900	\$134,700	\$139,500	\$144,300	\$1,110,900
48													
49	Profit												\$4,800

Assumptions

- 1 Candy Bars 500 wrapped and boxed bars production per day with two people = 15,000 bars
- 2 Edibles 72g per day = 2,143g per month - 7 candy bars per g oil, \$8 per bar (\$8 per gram) = \$17143
- 3 Payroll 2 confectionists at \$20 per hour - 30 days a month, 12 hours a day x 1.5 SS, D, WC, ...
- 4 Packaging \$1.90 per bar x 15,000 bars, plus cardboard case boxes



Business Plan - *Manufacturing* (Phase I) Cash Flow Year 2

PHASE I Mfg CASH FLOW Statement													
Year 2 - 2021													
	January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
1													
2													
3													
4													
5	Beginning Cash Balance	\$153,900	\$158,700	\$163,500	\$168,300	\$173,100	\$177,900	\$182,700	\$187,500	\$192,300	\$197,100	\$201,900	\$1,440,000
6	Cash Inflows (Income):												0
7	Edibles Sales	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	1,440,000
8	Other:												0
9													0
10													0
11	Total Cash Inflows	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	1,440,000
12	Available Cash Balance:	\$289,100	\$273,900	\$268,700	\$263,500	\$258,300	\$253,100	\$247,900	\$242,700	\$237,500	\$232,300	\$227,100	\$1,440,000
13	Cash Outflows (Expenses):												
14	Advertising	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12,000
15	Insurance	100	100	100	100	100	100	100	100	100	100	100	1,200
16	Interest	17,150	17,150	17,150	17,150	17,150	17,150	17,150	17,150	17,150	17,150	17,150	205,800
17	Garnishes Oil	0	0	0	0	0	0	0	0	0	0	0	0
18	Hardware Purchases	300	300	300	300	300	300	300	300	300	300	300	3,600
19	Maintenance & Repairs	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	126,000
20	Chocolate	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	259,200
21	Payroll	50	50	50	50	50	50	50	50	50	50	50	600
22	Payroll Expenses	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	342,000
23	Packaging	200	200	200	200	200	200	200	200	200	200	200	2,400
24	Professional Fees	200	200	200	200	200	200	200	200	200	200	200	2,400
25	Communications Equip.	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
26	Community Benefits	100	100	100	100	100	100	100	100	100	100	100	1,200
27	Office Supplies	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
28	Permits & Licenses	500	500	500	500	500	500	500	500	500	500	500	6,000
29	Utilities & Telephone	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
30	Travel	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
31	Taxes City - 2.5%												0
32	Other:												0
33													0
34													0
35													0
36	Subtotal	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	1,142,400
37	Other Cash Out Flows:												
38	Capital Purchases												0
39	Business Expansion	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
40	Loan Principal												0
41	Owner's Draw	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
42	Partner's Draw	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
43	Other:												0
44													0
45	Subtotal	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	240,000
46	Total Cash Outflows	\$115,200	\$115,200	\$115,200	\$115,200	\$115,200	\$115,200	\$115,200	\$115,200	\$115,200	\$115,200	\$115,200	1,382,400
47	Ending Cash Balance	\$153,900	\$158,700	\$163,500	\$168,300	\$173,100	\$177,900	\$182,700	\$187,500	\$192,300	\$197,100	\$201,900	\$1,440,000
48													
49	Profit	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$57,600

Assumptions

- 1 Candy Bars
500 wrapped and boxed bars production per day with two people = 15,000 bars
- 2 Edibles
72g per day = 2,143g per month - 7 candy bars per g oil, \$8 per bar (\$8 per gram) = \$17143
- 3 Payroll
2 confectionists at \$20 per hour - 30 days a month, 12 hours a day x 1.5 SS, D, WC ...
- 4 Packaging
\$1.90 per bar x 15,000 bars, plus cardboard case boxes



Business Plan - *Manufacturing* (Phase I) Cash Flow Year 3

PHASE I Mfg CASH FLOW Statement Year 3 - 2022													
	January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
1													
2													
3													
4	Beginning Cash Balance	\$211,500	\$216,300	\$221,100	\$225,900	\$230,700	\$235,500	\$240,300	\$245,100	\$249,900	\$254,700	\$259,500	1,440,000
5	Cash Inflows (Income):												0
6	Edibles Sales	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	0
7	Other:												0
8													0
9													0
10													0
11	Total Cash Inflows	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	1,440,000
12	Available Cash Balance	\$326,700	\$331,500	\$336,300	\$341,100	\$345,900	\$350,700	\$355,500	\$360,300	\$365,100	\$369,900	\$374,700	1,440,000
13	Cash Outflows (Expenses):												
14	Advertising	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
15	Insurance	100	100	100	100	100	100	100	100	100	100	100	1,200
16	Interest	17,150	17,150	17,150	17,150	17,150	17,150	17,150	17,150	17,150	17,150	17,150	205,800
17	Calnabbe Oil	0	0	0	0	0	0	0	0	0	0	0	0
18	Hardware Purchases	300	300	300	300	300	300	300	300	300	300	300	3,600
19	Maintenance & Repairs	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	126,000
20	Chocolate	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	259,200
21	Payroll	50	50	50	50	50	50	50	50	50	50	50	600
22	Payroll Expenses	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	342,000
23	Packaging	200	200	200	200	200	200	200	200	200	200	200	2,400
24	Professional Fees	200	200	200	200	200	200	200	200	200	200	200	2,400
25	Communications Equip.	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
26	Community Benefits	100	100	100	100	100	100	100	100	100	100	100	1,200
27	Office Supplies	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
28	Permits & Licenses	500	500	500	500	500	500	500	500	500	500	500	6,000
29	Utilities & Telephone	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
30	Travel	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
31	Taxes City - 2.5%												0
32	Other:												0
33													0
34													0
35													0
36	Subtotal	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	1,142,400
37	Other Cash Out Flows:												0
38	Capital Purchases												0
39	Business Expansion	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
40	Loan Principal	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
41	Owner's Draw	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
42	Partner's Draw												0
43	Other:												0
44													0
45	Subtotal	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	240,000
46	Total Cash Outflows	\$115,200	\$115,200	\$115,200	\$115,200	\$115,200	\$115,200	\$115,200	\$115,200	\$115,200	\$115,200	\$115,200	1,382,400
47	Ending Cash Balance	\$211,500	\$216,300	\$221,100	\$225,900	\$230,700	\$235,500	\$240,300	\$245,100	\$249,900	\$254,700	\$259,500	1,440,000
48													
49	Profit	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	57,600

Assumptions

- 1 Candy Bars 500 wrapped and boxed bars production per day with two people = 15,000 bars
- 2 Edibles 72g per day = 2,143g per month - 7 candy bars per g, \$8 per bar (\$8 per gram) = \$17143
- 3 Payroll 2 confectionists at \$20 per hour - 30 days a month, 12 hours a day x 1.5 SS, D, WC ...
- 4 Packaging \$1.90 per bar x 15,000 bars, plus cardboard case boxes

Business Plan - *Manufacturing* (Phase II) Cash Flow Year 1

PHASE II Mfg CASH FLOW Statement																		
Year 1 - 2021																		
	January	February	March	April	May	June	July	August	September	October	November	December	TOTALS					
1																		
2																		
3																		
4																		
5	Beginning Cash Balance	\$109,792	\$109,792	\$334,759	\$787,759	\$1,107,726	\$554,726	\$849,693	\$1,197,660	\$744,660	\$839,627	\$434,594	\$489,561	\$544,528	\$599,495	\$654,462	\$854,462	
6	Cash Inflows (Income):																	
7	Shatter Sales	30,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	
8	Cartridge Sales	112,500	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	
9	Edibles Sales	84,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	
10	Other:																	
11																		
12																		
13	Total Cash Inflows	\$226,500	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	
14	Available Cash Balance	\$326,500	\$562,792	\$787,759	\$1,107,726	\$1,197,660	\$1,292,627	\$887,594	\$942,561	\$997,528	\$1,052,495	\$1,107,462	\$1,162,429	\$1,217,396	\$1,272,363	\$1,327,330	\$1,382,297	\$1,437,264
15	Cash Outflows (Expenses):																	
16	Advertising	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
17	Merchant Service Charges	5,663	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325
18	Insurance	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
19	Interest																	
20	Raw Material Purchases	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
21	Hardware Purchases	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
22	Maintenance & Repairs	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
23	Operating Supplies	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
24	Payroll	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333
25	Payroll Expenses	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50
26	Packaging	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
27	Professional Fees	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200
28	Communications Equip.	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200
29	Community Benefits																	
30	Office Supplies	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
31	Permits & Licenses	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
32	Utilities & Telephone	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
33	Travel	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
34	Taxes City - 2.5%	5,663	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325
35	Other:																	
36																		
37																		
38	Subtotal	\$216,708	\$228,033	\$228,033	\$228,033	\$228,033	\$228,033	\$228,033	\$228,033	\$228,033	\$228,033	\$228,033	\$228,033	\$228,033	\$228,033	\$228,033	\$228,033	\$228,033
39	Other Cash Out Flows:																	
40	Capital Purchases																	
41	Business Expansion																	
42	Loan Principal																	
43	Owner's Draw		5,000															
44	Partner's Draw																	
45	Other:																	
46																		
47	Subtotal	\$0	\$5,000															
48	Total Cash Outflows	\$216,708	\$233,033	\$233,033	\$233,033	\$233,033	\$233,033	\$233,033	\$233,033	\$233,033	\$233,033	\$233,033	\$233,033	\$233,033	\$233,033	\$233,033	\$233,033	\$233,033
49	Ending Cash Balance	\$109,792	\$334,759	\$787,759	\$1,107,726	\$1,197,660	\$839,627	\$434,594	\$489,561	\$544,528	\$599,495	\$654,462	\$709,429	\$764,396	\$819,363	\$874,330	\$929,297	\$984,264
50																		
51	Profit	\$9,792	\$224,967	\$219,967	\$94,967	\$94,967	(\$405,033)	\$54,967	\$54,967	\$54,967	\$54,967	\$54,967	\$54,967	\$54,967	\$54,967	\$54,967	\$54,967	\$54,967

Assumptions

1. Manufacturing
2. Shatter Sales
200g per day of shatter = 6,000g per month, \$10/g
3. Cartridge Sales
500g per day = 15,000g per month, \$15/g
4. Edibles
100g per day = 3,000g per month, \$8 per bar, 21,000 bars
5. Cartridge Hardware
15,000 cartridges = 500 a day x \$2
6. Raw Materials
25 pounds shake processed per day ... \$100/lb
7. Payroll
Manager at \$80K, 2 helpers at \$40K per year
8. Operating Supplies
CO2, ethanol, gloves, fillers, glassware, disposables, charcoal, ...
9. Packaging
\$1.50 per bar x 21,000 bars, \$1 per cartridge x 15,000, shatter \$0.50 x 6,000, plus cardboard case box



Business Plan - *Manufacturing* (Phase II) Cash Flow Year 2

Mfg PHASE II CASH FLOW Statement													
Year 2 - 2022													
	January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
4	Beginning Cash Balance	\$304,396	\$304,396	\$414,330	\$469,297	\$524,264	\$579,231	\$174,198	\$229,165	\$284,132	\$339,099	\$394,066	
5	Cash Inflows (Income):												
6	Shatter Sales	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	720,000
7	Cartridge Sales	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	2,700,000
8	Edibles Sales	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	2,016,000
9	Other:												0
10													0
11													0
12													0
13	Total Cash Inflows	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$5,436,000
14	Available Cash Balance	\$1,162,429	\$757,396	\$812,963	\$867,330	\$922,297	\$977,264	\$627,198	\$682,165	\$737,132	\$792,099	\$847,066	
15	Cash Outflows (Expenses):												
16	Advertising	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	60,000
17	Merchant Service Charges	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	135,900
18	Insurance	500	500	500	500	500	500	500	500	500	500	500	6,000
19	Interest												0
20	Raw Material Purchases	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	900,000
21	Hardware Purchases	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	360,000
22	Maintenance & Repairs	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
23	Operating Supplies	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	144,000
24	Payroll	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	159,996
25	Payroll Expenses	50	50	50	50	50	50	50	50	50	50	50	600
26	Packaging	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	720,000
27	Professional Fees	200	200	200	200	200	200	200	200	200	200	200	2,400
28	Communications Equip.	200	200	200	200	200	200	200	200	200	200	200	2,400
29	Community Benefits	500,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	1,400,000
30	Office Supplies	100	100	100	100	100	100	100	100	100	100	100	1,200
31	Permits & Licenses	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
32	Utilities & Telephone	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000
33	Travel	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
34	Taxes City - 2.5%	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	135,900
35	Other:												0
36													0
37													0
38	Subtotal	\$728,033	\$268,033	\$268,033	\$268,033	\$268,033	\$268,033	\$268,033	\$268,033	\$268,033	\$268,033	\$268,033	4,136,396
39	Other Cash Out Flows:												
40	Capital Purchases												0
41	Business Expansion	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
42	Loan Principal												0
43	Owner's Draw	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	720,000
44	Partner's Draw	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	720,000
45	Other:												0
46													0
47	Subtotal	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$1,560,000
48	Total Cash Outflows	\$858,033	\$398,033	\$398,033	\$398,033	\$398,033	\$398,033	\$398,033	\$398,033	\$398,033	\$398,033	\$398,033	\$4,700,396
49	Ending Cash Balance	\$304,396	\$304,396	\$414,330	\$469,297	\$524,264	\$579,231	\$174,198	\$229,165	\$284,132	\$339,099	\$394,066	\$4,136,396
50													
51	Profit	(\$405,033)	\$54,967	\$54,967	\$54,967	\$54,967	(\$405,033)	\$54,967	\$54,967	\$54,967	\$54,967	\$54,967	\$54,967

Assumptions

- Manufacturing
- Shatter produce 800g oil per day x 30 days = 24,000g per month
- 200g per day of shatter = 6,000g per month, \$10/g
- Cartridge Sales
- 500g per day = 15,000g per month, \$15/g
- Edibles
- 100g per day = 3,000g per month - 7 candy bars per g oil, \$6 per bar, 21,000 bars
- Cartridge Hardware
- 15,000 cartridges = 500 a day x \$2
- Raw Materials
- 25 pounds shake processed per day ... \$10/lb
- Manager at \$80K, 2 helpers at \$40K per year
- Operating Supplies
- CO2, ethanol, gloves, filters, glassware, disposables, charcoal...
- Packaging
- \$1.50 per bar x 21,000 bars, \$1 per cartridge x 15,000, Shatter \$0.50 x 6,000, plus cardboard case box



Business Plan - *Manufacturing* (Phase II) Cash Flow Year 3

Mfg Phase II CASH FLOW Statement													
Year 3 - 2023													
	January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
1													
2													
3													
4	Beginning Cash Balance	\$44,000	\$98,967	\$153,934	\$208,901	\$263,868	\$318,835	\$373,802	\$428,769	\$483,736	\$538,703	\$593,670	
5	Cash Inflows (Income):												
6	Shatter Sales	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	720,000
7	Cartridge Sales	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	2,700,000
8	Edbles Sales	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	2,016,000
9	Other:												0
10													0
11													0
12													0
13	Total Cash Inflows	\$463,000	\$463,000	\$463,000	\$463,000	\$463,000	\$463,000	\$463,000	\$463,000	\$463,000	\$463,000	\$463,000	5,436,000
14	Available Cash Balance	\$902,033	\$551,967	\$606,934	\$661,901	\$716,868	\$771,835	\$826,802	\$881,769	\$936,736	\$991,703	\$1,046,670	
15	Cash Outflows (Expense):												
16	Advertising	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
17	Merchant Service Charges	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	135,900
18	Insurance	500	500	500	500	500	500	500	500	500	500	500	6,000
19	Interest												0
20	Raw Material Purchases	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	900,000
21	Hardware Purchases	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	360,000
22	Maintenance & Repairs	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
23	Operating Supplies	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	144,000
24	Payroll	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	159,996
25	Payroll Expenses	50	50	50	50	50	50	50	50	50	50	50	600
26	Packaging	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	720,000
27	Professional Fees	200	200	200	200	200	200	200	200	200	200	200	2,400
28	Communications Equip.	200	200	200	200	200	200	200	200	200	200	200	2,400
29	Community Benefits	500,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	940,000
30	Office Supplies	100	100	100	100	100	100	100	100	100	100	100	1,200
31	Permits & Licenses	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
32	Utilities & Telephone	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000
33	Travel	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
34	Taxes City - 2.5%	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	135,900
35	Other:												0
36													0
37													0
38	Subtotal	\$728,033	\$266,033	\$266,033	\$266,033	\$266,033	\$266,033	\$266,033	\$266,033	\$266,033	\$266,033	\$266,033	3,676,396
39	Other Cash Out Flows:												
40	Capital Purchases												0
41	Business Expansion	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	0
42	Loan Principal												0
43	Owner's Draw	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	720,000
44	Partner's Draw	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	720,000
45	Other:												0
46													0
47	Subtotal	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$0
48	Total Cash Outflows	\$858,033	\$396,033	\$396,033	\$396,033	\$396,033	\$396,033	\$396,033	\$396,033	\$396,033	\$396,033	\$396,033	\$3,676,396
49	Ending Cash Balance	\$44,000	\$98,967	\$153,934	\$208,901	\$263,868	\$318,835	\$373,802	\$428,769	\$483,736	\$538,703	\$593,670	
50													
51	Profit	(\$405,033)	\$54,967	\$54,967	\$54,967	\$54,967	\$54,967	\$54,967	\$54,967	\$54,967	\$54,967	\$54,967	

Assumptions

- 1 extractors produce 800g oil per day x 30 days = 24,000g per month
- 2 Manufacturing
- 3 Shatter Sales 200g per day of shatter = 6,000g per month, \$10/g
- 4 Cartridge Sales 500g per day = 15,000g per month, \$15/g
- 5 Edbles 100g per day = 3,000g per month - 7 candy bars per g oil, \$8 per bar, 21,000 bars
- 6 Cartridge Hardware 15,000 cartridges = 500 a day x 32
- 7 Raw Materials 25 pounds shake processed per day ... \$100/lb
- 8 Payroll Manager at \$80K, 2 helpers at \$40K per year
- 9 Operating Supplies CO2, ethanol, gloves, fillers, glassware, disposables, charcoal, ...
- 10 Packaging \$1.50 per bar x 21,000 bars, \$1 per cartridge x 15,000, shatter \$0.50 x 6,000, plus cardboard case box



.....

Business Plan - *Retail Store*

Day to Day Operations - Retail

The following operations apply to product acquisition and sales. We will start with an initial store inspection confirming security systems, environmental control operational, and cleanliness. We will stock inventory and add products where applicable. All inventory will be entered into tracking system.

Daily operations will include greeting customers, answering questions, sales and cash reconciliation. Three times a day we will do secure money drops. We will help any special needs clients.

Maintain cleanliness and organization of store area daily.

Retail sales will be run by following Standard Operating Procedures [SOP's] and training. We will use best practices in high quality customer service and provide the best products available.

All operations will abide by State and Local laws.

Legal Compliance – Retail

We will be compliant with all local and State laws relevant to the cannabis industry. Locally, we will comply with California Cannabis Business [CCB] and Placerville Municipal Code [PMC] Section 5.28.040. We will stay current with such laws.

We will pay all taxes on time, prevent diversion with security and inventory control. We will provide ongoing education for our employees. We will use the best health and safety equipment and procedures. We will also ensure health and safety for our clients and local community.

Prevent Diversion – Retail

We will track and control inventory of all products from product acquisition to final sales. We have researched tracking, inventory and control systems and plan to use the Baker Point Of Sale [POS] system.

Start-Up Construction – Retail

Construction and build-out is contingent on purchase of real estate, construction permits and licensing approval. Once those are in place, we will complete building improvements, install all electrical, LED lighting, solar, furniture, computers, shelving, cabinets. Upon completion of start-up we will be completely ready to begin product sales. Please see start-up budget and timeline for details.



Business Plan - Retail Store Cash Flow Year 1

RETAIL Cash Flow Statement Year 1 - 2020

	January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
1													
2													
3													
4													
5	Beginning Cash Balance	\$120,000	\$106,250	\$98,300	\$86,150	\$109,250	\$124,500	\$125,550	\$132,400	\$145,050	\$163,500	\$187,750	2,390,000
6	Cash Inflows (Income):												
7	Retail Sales	90,000	110,000	130,000	150,000	190,000	210,000	230,000	250,000	270,000	290,000	300,000	0
8	Other:												0
9													0
10													0
11													0
12													0
13	Total Cash Inflows	\$90,000	\$110,000	\$130,000	\$150,000	\$190,000	\$210,000	\$230,000	\$250,000	\$270,000	\$290,000	\$300,000	2,390,000
14	Available Cash Balance	\$210,000	\$216,250	\$228,300	\$246,150	\$269,800	\$334,500	\$355,550	\$382,400	\$415,050	\$453,500	\$487,750	
15	Cash Outflows (Expenses):												
16	Advertising	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
17	Merchant Svc POS 2%	1,800	2,200	2,600	3,000	3,800	4,200	4,600	5,000	5,400	5,800	6,000	47,800
18	Insurance	200	200	200	200	200	200	200	200	200	200	200	2,400
19	Merchandise	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
20	Inventory Purchases	45,000	55,000	65,000	75,000	85,000	105,000	115,000	125,000	135,000	145,000	150,000	1,195,000
21	Maintenance & Repairs	200	200	200	200	200	200	200	200	200	200	200	2,400
22	Operating Supplies	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
23	Payroll	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	259,200
24	Payroll Expenses	50	50	50	50	50	50	50	50	50	50	50	600
25	Tracking Software	200	200	200	200	200	200	200	200	200	200	200	2,400
26	Professional Fees	200	200	200	200	200	200	200	200	200	200	200	2,400
27	Security	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	31,200
28	Rent	0	0	0	0	0	0	0	0	0	0	0	0
29	Office Supplies	300	300	300	300	300	300	300	300	300	300	300	3,600
30	Permits & Licenses	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
31	Utilities & Telephone	500	500	500	500	500	500	500	500	500	500	500	6,000
32	Taxes - City -4%	3,600	4,400	5,200	6,000	6,800	8,400	9,200	10,000	10,800	11,600	12,000	95,600
33	Taxes State -15%	13,500	16,500	19,500	22,500	25,500	31,500	34,500	37,500	40,500	43,500	45,000	358,500
34													5,000
35													0
36													0
37	Subtotal	\$103,750	\$117,950	\$132,150	\$146,350	\$174,750	\$188,950	\$203,150	\$217,350	\$231,550	\$245,750	\$257,850	2,180,100
38	Other Cash Out Flows:												
39	Capital Purchases												0
40	Business Expansion												0
41	Owner's Draw						10,000	10,000	10,000	10,000	10,000	10,000	60,000
42	Partners Dividend												0
43													
44	Subtotal	\$0	\$0	\$0	\$0	\$0	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$60,000
45	Total Cash Outflows	\$103,750	\$117,950	\$132,150	\$146,350	\$174,750	\$188,950	\$203,150	\$217,350	\$231,550	\$245,750	\$257,850	\$2,240,100
46	Ending Cash Balance	\$106,250	\$98,300	\$86,150	\$74,150	\$59,800	\$46,150	\$32,400	\$18,400	\$4,050	\$18,750	\$29,750	\$209,900
47													
48	Net Income	(\$13,750)	(\$7,950)	(\$2,150)	\$3,650	\$9,450	\$1,050	\$6,850	\$12,650	\$18,450	\$24,250	\$22,150	

Assumptions

2	
3	Retail Sales
4	Inventory
5	Payroll
6	
7	

Average sale \$96 per client
20 strains \$30K, edibles \$5K, concentrates \$5K
budtenders, retail sales, 12 hours a day, 7 days a week, \$20 an hour average over time



Business Plan - Retail Store Cash Flow Year 3

RETAIL Cash Flow Statement													
Year 3 - 2022													
	January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
1	818,450	\$878,300	\$938,150	\$998,000	\$1,057,850	\$1,117,700	\$1,177,550	\$1,237,400	\$1,297,250	\$1,357,100	\$1,416,950	\$1,476,800	5,400,000
2	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	0
3													0
4	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	5,400,000
5	\$1,268,450	\$1,328,300	\$1,388,150	\$1,448,000	\$1,507,850	\$1,567,700	\$1,627,550	\$1,687,400	\$1,747,250	\$1,807,100	\$1,866,950	\$1,926,800	120,000
6	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	108,000
7	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	2,400
8	200	200	200	200	200	200	200	200	200	200	200	200	12,000
9	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	2,700,000
10	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	2,400
11	200	200	200	200	200	200	200	200	200	200	200	200	24,000
12	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	388,800
13	32,400	32,400	32,400	32,400	32,400	32,400	32,400	32,400	32,400	32,400	32,400	32,400	600
14	50	50	50	50	50	50	50	50	50	50	50	50	2,400
15	200	200	200	200	200	200	200	200	200	200	200	200	31,200
16	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	0
17	0	0	0	0	0	0	0	0	0	0	0	0	3,600
18	300	300	300	300	300	300	300	300	300	300	300	300	12,000
19	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	6,000
20	500	500	500	500	500	500	500	500	500	500	500	500	216,000
21	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	810,000
22	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	0
23													0
24													0
25													0
26													0
27													0
28													0
29													0
30													0
31													0
32													0
33													0
34													0
35													0
36													0
37	\$370,150	\$370,150	\$370,150	\$370,150	\$370,150	\$370,150	\$370,150	\$370,150	\$370,150	\$370,150	\$370,150	\$370,150	4,441,800
38													0
39													0
40													0
41	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
42	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	0
43													0
44	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$120,000
45	\$390,150	\$390,150	\$390,150	\$390,150	\$390,150	\$390,150	\$390,150	\$390,150	\$390,150	\$390,150	\$390,150	\$390,150	\$4,561,800
46	\$878,300	\$938,150	\$998,000	\$1,057,850	\$1,117,700	\$1,177,550	\$1,237,400	\$1,297,250	\$1,357,100	\$1,416,950	\$1,476,800	\$1,536,650	
47	\$59,850	\$59,850	\$59,850	\$59,850	\$59,850	\$59,850	\$59,850	\$59,850	\$59,850	\$59,850	\$59,850	\$59,850	
48													

Assumptions

1	
2	
3	Average sale \$96 per client
4	20 strains \$30K, edibles \$5K, concentrates \$5K
5	buttdenders, retail sales, 12 hours a day, 7 days a week, \$20 an hour average over time
6	
7	





.....

Business Plan - *Retail Delivery*

Day to Day Operations – Retail Delivery

The following operations apply to retail product delivery. We will start with a delivery service area inspection confirming security systems, environmental control operational, and cleanliness.

Start day with bringing delivery vehicles into the secure roll-up door area for security measures. Lock outside door and then restock inventory.

Daily operations will include a vehicle safety check, restock inventory, delivery, sales and cash reconciliation. Money drops will be done upon return to store for restocking. Dispatcher will receive delivery orders, dispatch drivers and track efficient delivery routes.

Maintain cleanliness and safe operation of vehicles daily.

Retail sales will be run by following Standard Operating Procedures [SOP's] and training. We will use best practices in high quality customer service and provide the best products available.

All operations will abide by State and Local laws. Vehicles will carry a maximum of \$5,000 of product wholesale value at any time.

Legal Compliance – Retail Delivery

We will be compliant with all local and State laws relevant to the cannabis industry. Locally, we will comply with California Cannabis Business [CCB] and Placerville Municipal Code [PMC] Section 5.28.040. We will stay current with such laws.

We will pay all taxes on time, prevent diversion with security and inventory control. We will always adhere to the Department of Transportation and CA DMV regulations. We will provide ongoing education for our employees. We will use the best health and safety equipment and procedures. We will also ensure health and safety for our clients and local community.

Prevent Diversion – Retail Delivery

We will track and control inventory of all products from product acquisition to final sales. We have researched tracking, inventory and control systems and plan to use the Baker Point Of Sale [POS] system.

Start-Up Construction – Retail Delivery

Construction and build-out is contingent on purchase of real estate, construction permits and licensing approval. Once those are in place, we will complete building improvements, install all electrical, LED lighting, solar, furniture, computers, shelving, cabinets. Upon completion of start-up we will be completely ready to begin product sales. Please see start-up budget and timeline for details.



Business Plan - *Retail Delivery* Cash Flow Year 1

CASH FLOW Statement													
Retail Delivery - Year 1 - 2020													
	January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
1													
2													
3													
4													
5	Beginning Cash Balance	\$46,000	\$44,850	\$46,350	\$40,100	\$36,500	\$35,750	\$35,850	\$38,600	\$44,600	\$51,250	\$60,750	
6	Cash Inflows (Income):												
7	Delivery Retail Sales	90,000	100,000	110,000	130,000	140,000	150,000	160,000	170,000	180,000	190,000	200,000	1,740,000
8	Investment Income												0
9	Other:												0
10													0
11													0
12													0
13	Total Cash Inflows	\$90,000	\$100,000	\$110,000	\$130,000	\$140,000	\$150,000	\$160,000	\$170,000	\$180,000	\$190,000	\$200,000	\$1,740,000
14	Available Cash Balance	\$140,000	\$146,000	\$154,850	\$170,100	\$176,500	\$185,750	\$195,850	\$208,600	\$224,600	\$241,250	\$260,750	
15	Cash Outflows (Expenses):												
16	Advertising	4,000	4,000	4,000	6,000	6,000	8,000	8,000	8,000	10,000	10,000	10,000	84,000
17	Merchant Service Charges	2,250	2,500	2,750	3,250	3,500	3,750	4,000	4,250	4,500	4,750	5,000	43,500
18	Insurance	500	500	500	500	500	500	500	500	500	500	500	6,000
19	POS Tracking	200	200	200	200	200	200	200	200	200	200	200	2,400
20	Inventory Purchases	45,000	50,000	55,000	60,000	70,000	75,000	80,000	85,000	90,000	95,000	100,000	870,000
21	Vehicle Maint & Repairs	400	400	400	400	400	400	400	400	400	400	400	4,800
22	Operating Supplies	200	200	200	200	200	200	200	200	200	200	200	2,400
23	Payroll	18,000	18,000	18,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	297,000
24	Payroll Expenses	50	50	50	50	50	50	50	50	50	50	50	600
25	Professional Fees	200	200	200	200	200	200	200	200	200	200	200	2,400
26	Communication Tech. Exp.	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
27	Gas	100	100	100	100	100	100	100	100	100	100	100	1,200
28	Office Supplies	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
29	Permits & Licenses	200	200	200	200	200	200	200	200	200	200	200	2,400
30	Utilities & Telephone	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	31,200
31	Security	3600	4000	4400	5200	5600	6000	6400	6800	7200	7600	8000	89,600
32	Taxes City - 4%	13500	15000	16500	19500	21000	22500	24000	25500	27000	28500	30000	297,000
33	Tax State - 15%												
34	Other:												
35													
36	Subtotal	\$94,000	\$101,150	\$108,300	\$133,600	\$140,750	\$149,900	\$157,050	\$164,200	\$173,350	\$180,500	\$187,650	1,716,900
37	Other Cash Out Flows:												
38	Capital Purchases												
39	Loan Principal												
40	Owner's Draw												
41	Other:												
42													
43	Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
44	Total Cash Outflows	\$94,000	\$101,150	\$108,300	\$133,600	\$140,750	\$149,900	\$157,050	\$164,200	\$173,350	\$180,500	\$187,650	\$1,716,900
45	Ending Cash Balance	\$46,000	\$44,850	\$46,350	\$40,100	\$36,500	\$35,750	\$35,850	\$38,600	\$44,600	\$51,250	\$60,750	\$73,100
46													
47	Profit	(\$4,000)	(\$1,150)	\$1,700	(\$3,600)	(\$750)	\$100	\$2,950	\$5,600	\$6,650	\$9,500	\$12,350	
48													
49													
50													
51													

Assumptions

- 1
- 2
- 3 employees - one dispatch, one driver, \$20 an hour, 10 hours a day, 7 days a week x 1.5 for payroll
- 4
- 5 capital purchases
- 6 1 car per year - 3 years old, \$20,000



Business Plan - Retail Delivery Cash Flow Year 2

CASH FLOW Statement													
Retail Delivery - Year 2 - 2021													
	January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
1													
2													
3													
4													
5	Beginning Cash Balance	73,100											3,150,000
6	Cash Inflows (Income):												0
7	Delivery Retail Sales	210,000	220,000	230,000	240,000	250,000	260,000	270,000	280,000	290,000	300,000	300,000	0
8	Investment Income												0
9	Other:												0
10													0
11													0
12													0
13	Total Cash Inflows	\$210,000	\$220,000	\$230,000	\$240,000	\$250,000	\$260,000	\$270,000	\$280,000	\$290,000	\$300,000	\$300,000	\$3,150,000
14	Available Cash Balance	\$283,100	\$268,300	\$296,350	\$327,250	\$361,000	\$397,600	\$437,050	\$479,350	\$514,050	\$551,600	\$582,000	\$612,400
15	Cash Outflows (Expenses):												
16	Advertising	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
17	Merchant Service Charges	5,250	5,500	5,750	6,000	6,250	6,500	6,750	7,000	7,250	7,500	7,500	78,750
18	Insurance	500	500	500	500	500	500	500	500	500	500	500	7,250
19	POS Tracking	200	200	200	200	200	200	200	200	200	200	200	2,400
20	Inventory Purchases	105,000	110,000	115,000	120,000	125,000	130,000	135,000	140,000	145,000	150,000	150,000	1,575,000
21	Vehicle Maint & Repairs	400	400	400	400	400	400	400	400	400	400	400	5,800
22	Operating Supplies	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	2,400
23	Payroll	50	50	50	50	50	50	50	50	50	50	50	369,000
24	Payroll Expenses	50	50	50	50	50	50	50	50	50	50	50	600
25	Professional Fees	200	200	200	200	200	200	200	200	200	200	200	2,400
26	Communication Tech. Exp.	200	200	200	200	200	200	200	200	200	200	200	2,400
27	Gas	2,000	2,000	2,000	2,000	2,000	2,000	2,000	3,000	3,000	3,000	3,000	29,000
28	Office Supplies	100	100	100	100	100	100	100	100	100	100	100	1,200
29	Permits & Licenses	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
30	Utilities & Telephone	200	200	200	200	200	200	200	200	200	200	200	2,400
31	Security	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	31,200
32	Taxes City - 4%	8400	8800	9200	9600	10000	10400	10800	11200	11600	12000	12000	126,000
33	Tax State - 15%	31500	33000	34500	36000	37500	39000	40500	42000	43500	45000	45000	450,000
34	Other:												0
35													0
36	Subtotal	\$194,800	\$201,950	\$209,100	\$216,250	\$223,400	\$230,550	\$237,700	\$255,300	\$262,450	\$269,600	\$269,600	\$2,840,300
37	Other Cash Out Flows:												40,000
38	Capital Purchases												40,000
39	Loan Principal												0
40	Owner's Draw												0
41	Other:												0
42													0
43													0
44	Subtotal	\$40,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$40,000
45	Total Cash Outflows	\$234,800	\$201,950	\$209,100	\$216,250	\$223,400	\$230,550	\$237,700	\$255,300	\$262,450	\$269,600	\$269,600	\$2,880,300
46	Ending Cash Balance	\$48,300	\$66,350	\$87,250	\$111,000	\$137,250	\$167,050	\$199,350	\$224,050	\$251,600	\$282,000	\$312,400	\$342,800
47													
48	Profit	(\$24,800)	\$16,050	\$20,900	\$23,750	\$26,600	\$29,450	\$32,300	\$24,700	\$27,550	\$30,400	\$30,400	\$30,400

Assumptions

-
-
- 3 payroll 3 employees - one dispatch, one drivers, \$20 an hour, 10 hours a day, 7 days a week x 1.5 for payroll
-
- capital purchases 1 car per year - 3 years old, \$20,000
-



Business Plan - Retail Delivery Cash Flow Year 3

CASH FLOW STATEMENT													
Retail Delivery - Year 3 - 2022													
	January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
5	Beginning Cash Balance	342,800	\$393,200	\$393,600	\$394,000	\$424,400	\$454,800	\$485,200	\$515,600	\$576,400	\$606,800	\$637,200	3,600,000
6	Cash Inflows (Income):	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	0
7	Delivery Retail Sales												0
8	Investment Income												0
9	Other:												0
10													0
11													0
12													0
13	Total Cash Inflows	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$3,000,000
14	Available Cash Balance	\$642,800	\$633,200	\$663,600	\$684,000	\$724,400	\$754,800	\$785,200	\$815,600	\$876,400	\$906,800	\$937,200	\$9,600,000
15	Cash Outflows (Expenses):												3,600,000
16	Advertising	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
17	Merchant Service Charges	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	90,000
18	Insurance	750	750	750	750	750	750	750	750	750	750	750	9,000
19	POS Tracking	200	200	200	200	200	200	200	200	200	200	200	2,400
20	Inventory Purchases	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	1,800,000
21	Vehicle Maint & Repairs	600	600	600	600	600	600	600	600	600	600	600	7,200
22	Operating Supplies	200	200	200	200	200	200	200	200	200	200	200	2,400
23	Payroll	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	432,000
24	Payroll Expenses	50	50	50	50	50	50	50	50	50	50	50	600
25	Professional Fees	200	200	200	200	200	200	200	200	200	200	200	2,400
26	Communication Tech, Eq.	200	200	200	200	200	200	200	200	200	200	200	2,400
27	Gas	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
28	Office Supplies	100	100	100	100	100	100	100	100	100	100	100	1,200
29	Permits & Licenses	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
30	Utilities & Telephone	200	200	200	200	200	200	200	200	200	200	200	2,400
31	Security	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	31,200
32	Taxes City - 4%	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	144,000
33	Tax State - 15%	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	540,000
34	Other:												0
35													0
36													0
37	Subtotal	\$269,600	\$269,600	\$269,600	\$269,600	\$269,600	\$269,600	\$269,600	\$269,600	\$269,600	\$269,600	\$269,600	\$3,235,200
38	Other Cash Out Flows:												40,000
39	Capital Purchases	40,000											40,000
40	Loan Principal												0
41	Owner's Draw												0
42	Other:												0
43													0
44	Subtotal	\$40,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$40,000
45	Total Cash Outflows	\$309,600	\$269,600	\$269,600	\$269,600	\$269,600	\$269,600	\$269,600	\$269,600	\$269,600	\$269,600	\$269,600	\$3,275,200
46	Ending Cash Balance	\$333,200	\$363,600	\$394,000	\$424,400	\$454,800	\$485,200	\$515,600	\$576,400	\$606,800	\$637,200	\$667,600	\$3,275,200
47													
48	Profit	(\$9,600)	\$30,400	\$30,400	\$30,400	\$30,400	\$30,400	\$30,400	\$30,400	\$30,400	\$30,400	\$30,400	\$30,400

Assumptions

- 1
- 2
- 3 payroll
- 3 employees - one dispatch, one driver, \$20 an hour, 10 hours a day, 7 days a week x 1.5 for payroll
- 5 capital purchases
- 1 car per year - 3 years old, \$20,000



.....

Business Plan - *Distribution*

Day to Day Operations – Distribution

The following operations apply to our cannabis industry distribution activities.

We will start with a quarantine and distribution area inspection confirming security systems, environmental control operational, and cleanliness.

Start day with a safety vehicle check. We then transport products from cultivation and manufacturing to our quarantined area to await certified laboratory sample pickup. Upon passing Certificate of Analysis [COA], batched products will be moved to manufacturing/packaging area. Once packaging is complete, all inventory will be entered into track and trace systems.

We will collect the cannabis cultivation tax from cultivators and manufacturers and provide them with an invoice receipt. All products from distribution will then be moved to retail for sales.

Upon sale to retail, we will collect appropriate excise taxes and provide retailer with invoice receipt.

We will electronically file sales and use tax and cannabis tax returns and pay the amount due to the California Department of Tax and Fee Administration [CDTFA].

Maintain cleanliness and safe operations of all work areas.

Distribution operations will be run by following Standard Operating Procedures [SOP's] and training. We will use best practices in high quality customer service and provide the best products available.

All operations will abide by State and Local laws.



.....

Business Plan - *Distribution*

Legal Compliance – Distribution

We will be compliant with all local and State laws relevant to the cannabis industry. Locally, we will comply with California Cannabis Business [CCB] and Placerville Municipal Code [PMC] Section 5.28.040. We will stay current with such laws.

We will pay all taxes on time, prevent diversion with security and inventory control. We will always adhere to the Department of Transportation and CA DMV regulations. We will provide ongoing education for our employees. We will use the best health and safety equipment and procedures. We will also ensure health and safety for our clients and local community.

Prevent Diversion – Distribution

We will track and control inventory of all products from product acquisition to final sales. We have researched tracking, inventory and control systems and plan to use the Baker Point Of Sale [POS] system.

Start-Up Construction – Distribution

Construction and build-out is contingent on purchase of real estate, construction permits and licensing approval. Once those are in place, we will complete building improvements, install all electrical, LED lighting, solar, furniture, computers, racking systems. Upon completion of start-up we will be completely ready to begin product distribution. Please see start-up budget and timeline for details.

*** We will be starting with self-distribution, therefore we will not be charging ourselves a percentage for the use of this license. Also, there is no profit or loss thus we do not need a 3 year proforma. In later phases we plan on implementing a larger distribution area with a larger tier license.**



Business Plan - Start Up Timeline & Budget

2	RESERVE HOUSE	2019		
3				
4	Phase I Startup - Cult., Mfg., Retail, Dist.,	Start Date	End Date	BUDGET
5				
6	STARTUP EXPENSES			
7	Demolition	N/A		\$ -
8	Framing	July	July	\$ 7,000
9	Electrical	July	August	\$ 21,000
10	Plumbing	July	August	\$ 12,000
11	Sheetrock	August	August	\$ 6,500
12	Final - Trim, windows, doors, switch covers, etc...	September	September	\$ 25,000
13	Equipment Retail	September	October	\$ 22,500
14	Equipment Cultivation	October	October	\$ 50,000
15	Equipment Manufacturing - (owned other than kitchen)	October	October	\$ 32,000
16	Equipment Distribution	October	October	\$ 4,000
17	Labor (Jeremy and Scott working with contractor Jim Mault)	July	December	\$ 75,000
18	Contingency	July	December	\$ 30,000
19	CONSTRUCTION SUB-TOTAL			\$ 285,000
20				
21	permits, Licensing and Fees	May	July	\$ 12,000
22	Security	July	August	\$ 12,000
23	Signage	November	November	\$ 2,500
24	Software	November	November	\$ 500
25	Telephone, Internet Set-Up	July	August	\$ 500
26	Cultivation Start-Up and 3 Month Reserve	Jan. 2020	Mar. 2020	\$ 75,000
27	Manufacturing Start-Up and 3 Month Reserve	Jan. 2020	Mar. 2020	\$ 30,000
28	Retail Start-Up and 3 Month Reserve	Jan. 2020	Mar. 2020	\$ 120,000
29	Delivery Start-Up and 3 Month Reserve	Jan. 2020	Mar. 2020	\$ 50,000
30	Contingency	July	December	\$ 21,500
31	START-UP AFTER CONSTRUCTION SUB-TOTAL			\$ 324,000
32				
33				
34	START-UP TOTAL			\$ 609,000



.....
Proof of Capitol



04/28/2019

TIMOTHY LYNN GRIFFITH
6255 VELASCO AVE
DALLAS TX 75214

Account # ****-* 595
Questions: 1-800-435-4000

Here is the requested account balance information.

We're writing in response to a request for balance information on the account noted above.
On 04/28/2019 the total account value was in excess of \$300,000.00.

The following is Schwab's terms of withdrawal policy:

Charles Schwab doesn't restrict access to available funds and securities in the above-referenced account(s). An account holder or authorized agent can request withdrawals from an account on demand.

Please note: The balance is based on our records at the time this letter was written, and may include cash and securities. The value of the account is subject to change depending upon market conditions and/or activities in the account.

Please note: This letter is for informational purposes only and is not an official record of the account.

Thank you for choosing Schwab. We appreciate your business and look forward to serving you in the future. If you have any questions, please call us at +1 (800) 435-4000.



MDL: 29255864201903290001000.00001

February 28 to March 29, 2019

RAYMOND JAMES®

Linked Account Summary

Primary Account No. [REDACTED] **Total Relationship Value \$469,931.74**

JOHN MCKENZIE
Raymond James & Associates, Inc.
420 THROCKMORTON ST. STE 830 | FT. WORTH, TX 76102 | (800) 311-4558 | (817) 871-4917
lazaruswealthmanagement.com | John.McKenzie@RaymondJames.com

Raymond James Client Services | 800-647-SERV (7378)
Monday - Friday 8 a.m. to 9 p.m. ET
Online Account Access | raymondjames.com/clientaccess

Hunt Family
COLLEGEADVANTAGE
LANCE RUSSELL HUNT
FBO ELLA W HUNT
306 S. ELM ST
WAXAHACHIE TX 75165-3608063

Activity

	This Statement	Year to Date
Beginning Balance	\$ 455,217.17	\$ 419,545.67
Deposits	\$ 3,600.00	\$ 9,720.64
Income	\$ 350.55	\$ 743.49
Withdrawals	\$ 0.00	\$ (1,914.78)
Expenses	\$ 0.00	\$ (1,854.77)
Change in Value	\$ 10,764.02	\$ 43,691.49
Ending Balance	\$ 469,931.74	\$ 469,931.74

Value Over Time

Asset Allocation Analysis

	Value	Percentage
US Equities	\$ 115,212.31	24.52%
Non-US Equities	\$ 68,555.16	14.59%
Fixed Income	\$ 218,600.54	46.52%
Real Estate & Tangibles	\$ -	-
Alternative Investments	\$ -	-
Non-classified	\$ 25,882.77	5.51%
Cash & Cash Alternatives*	\$ 41,680.96	8.87%

*Not all Cash & Cash Alternatives are liquid; \$10,499.94 is embedded in investment products

Morningstar asset allocation information is as of 03/29/2019 (mutual funds & annuities) and 03/19/2019 (ETFs).

Linked Account Summary Page 1 of 44

*** We also have regular cash flow coming in from our Sacramento micro license. This generates roughly \$50,000 per month profit.**



Neighborhood Compatability Plan

Our space at 560 Placerville Dr is uniquely positioned. The facility is a well-lit, well-ventilated commercial building. There will be a single secure main entrance in the front of the building and a secured back and employee entrance.

The exterior areas and surrounding public areas will be strictly managed by an exterior building security protocol that is included in our Safety and Security Plan, outlining measures and procedures that will provide additional safety to neighboring businesses and residences, including having security personnel walk the surrounding areas of the location before opening, during operating hours and after closing the facility. To prevent access into the dispensary, there are limited points of access. All doors (whether interior or exterior) shall have electronic surveillance and sounding alarm equipment to deter and detect unauthorized intrusion and emergency exits.

Our signage is designed to be discreet, our logo and signage on the building will give no indication about the nature of our business, in keeping with the requirements of the statute while at the same time minimizing the presence of an attractive nuisance. Our signage will help limit attention and thus, the threat of crime. The main entrance area will be modestly marked. Warning signs on the main entrance door will advise all entrants that no firearms or dangerous weapons are allowed anywhere in the facility.

a. Odor Mitigation:

Reserve House desires to be a good neighbor and avoid nuisances of odor that may be generated by its operations. Its Odor Control Plan with its HVAC system will mitigate against such a nuisance. An HVAC system throughout that provides adequate ventilation and which includes the following features:

- Equipment for adequate control over air pressure, microorganisms, dust, humidity and temperature when appropriate for the manufacture, processing, packaging or holding of cannabis products.
- Filtration systems, including (when appropriate) prefilters and particulate matter air filters, on air supplies to production areas, with the intakes placed in areas of highest anticipated contaminant concentration.
- Exhaust and other systems adequate to control odor and contaminants, with a ventilation rate of at least 15cfm/ occupant based on occupancy of 30 persons at any given time.
- Once odor control has been established, periodic testing shall be conducted to ensure that the odor control systems are operating to maintain the baseline. As the filters age, replacement will be required and will be conducted, as determined by the calibrated sensor on the test equipment.
- We plan to provide the City Managers information to all neighbors for any complaints as to mitigate a timely solution.

*** Site plan is located in gray accordian folder**



Safety Plan

Sierra Security & Fire

P.O.Box 2498 Placerville, Ca 95667-2498

Office/ Fax (530) 644-3003

Consumer Affairs License Numbers ACO 5666 ACQ 4910

State Contractor's License Number: 801506 (C-10)

Dear Scott,

I am writing this letter in response to your request for a Fire Safety Consultation Letter for Appleseed, 560 Placerville Drive, Placerville CA, 95667.

I have listed the systems I feel are necessary to satisfy the City of Placerville's permit application requirements regarding Fire Prevention.

- 1) Install Fire Extinguishers at each Exit and in Break-room & Food Prep Area. According to Fire Marshall requirements.
- 2) Test the existing Emergency Exit Lights located above each exit, to insure they are in working order, and replace the batteries if older than 3 years.
- 3) Install "This Door to Remain Open During Business Hours" signs above each exit.
- 4) Design and install at each exit and the break-room a "Floor Plan / "Evacuation Map", showing the new floor plan, exits, and the quickest path to a central gathering area in case of an emergency.
- 5) Install Carbon and U.V. Filters to the existing HVAC System.
- 6) Maintain the current Fire & Burglar alarm system that meets NFPA 72 -2016 Standard with the California Amendments. Also Quarterly Inspections, keeping the batteries up to date and modifying the current system if any changes to the current layout of the building is made. When Changes are made then Plans must be approved by the Local AHJ (Authority Having Jurisdiction) before any work is done. If during the construction process if the system is disabled then the Fire Marshall may require that you do a "Fire Watch"
- 7) Add, Modify, or Install, any other additional equipment or procedures required by the "Local Authority Having Jurisdiction".

If you have any other questions or concerns, please give me a call at (530) 409-5219

Sincerely,

Brian Bunch

* Evacuation plan is located in gray accordian folder



**Microbusiness Facility
Security Plan**

Facility Address:

560 Placerville Drive
Placerville, CA 95667

Prepared By:

Ilan Frank | President & CEO
CPTED Practitioner
License # ACO 7496

Date:

4/8/2019

Crime Alert Security was founded in 1994 as a burglar alarm installation company with an emphasis on security consultation and education. Crime Alert Security is a UL listed installation company and has been working closely with the cannabis industry. Between management and staff, Crime Alert Security has over 100 years of experience in the security industry.

The information contained in this security plan is based on guidelines set forth by local and state ordinances. This plan is intended to assist in improving the overall level of security and procedures for above said facility. It is the sole responsibility of the owner/operator to ensure compliance.



Security Plan



Lic. #ACO7496

Table of Contents

Section 1: Physical Elements.....Page 1

- A. Location & Building Specifications
- B. Landscape & Natural Surveillance
- C. Facility Maps
- D. Outdoor Lighting
- E. Perimeter Security
- F. Staff/Vendor Entrance & Parking
- G. General Security Risks

Section 2: Electronic Security System.....Page 4

- A. Overview
- B. Motion Sensors/Doors
- C. Open/Close Reporting
- D. Controlled Access/Visitors
- E. VASS
- F. Security Audit, Maintenance and Testing
- G. Third Party Monitoring

Section 3: Compliance & Procedures..... Page 6

- A. Hours of Operation
- B. Security Related Opening & Closing Procedure
- C. Onsite Consumption Policy
- D. Secure Storage Area
- E. Client Admittance
- F. Loading Procedures
- G. Security Staff Procedures & Policies
- H. Money Handling & Limited Cash Operation
- I. Internal Theft Prevention
- J. Robbery & Prevention
- K. Managing Unwelcome Individuals
- L. Incident Management & Emergency Response
- M. Lock-down of Inventory
- N. Reporting & Investigation of an Incident
- O. Cooperating & Communicating with Law Enforcement
- P. Training Drills
- Q. Personnel Records
- R. Facility Maintenance

Section 4: On Site Physical Security Services.....Page 8

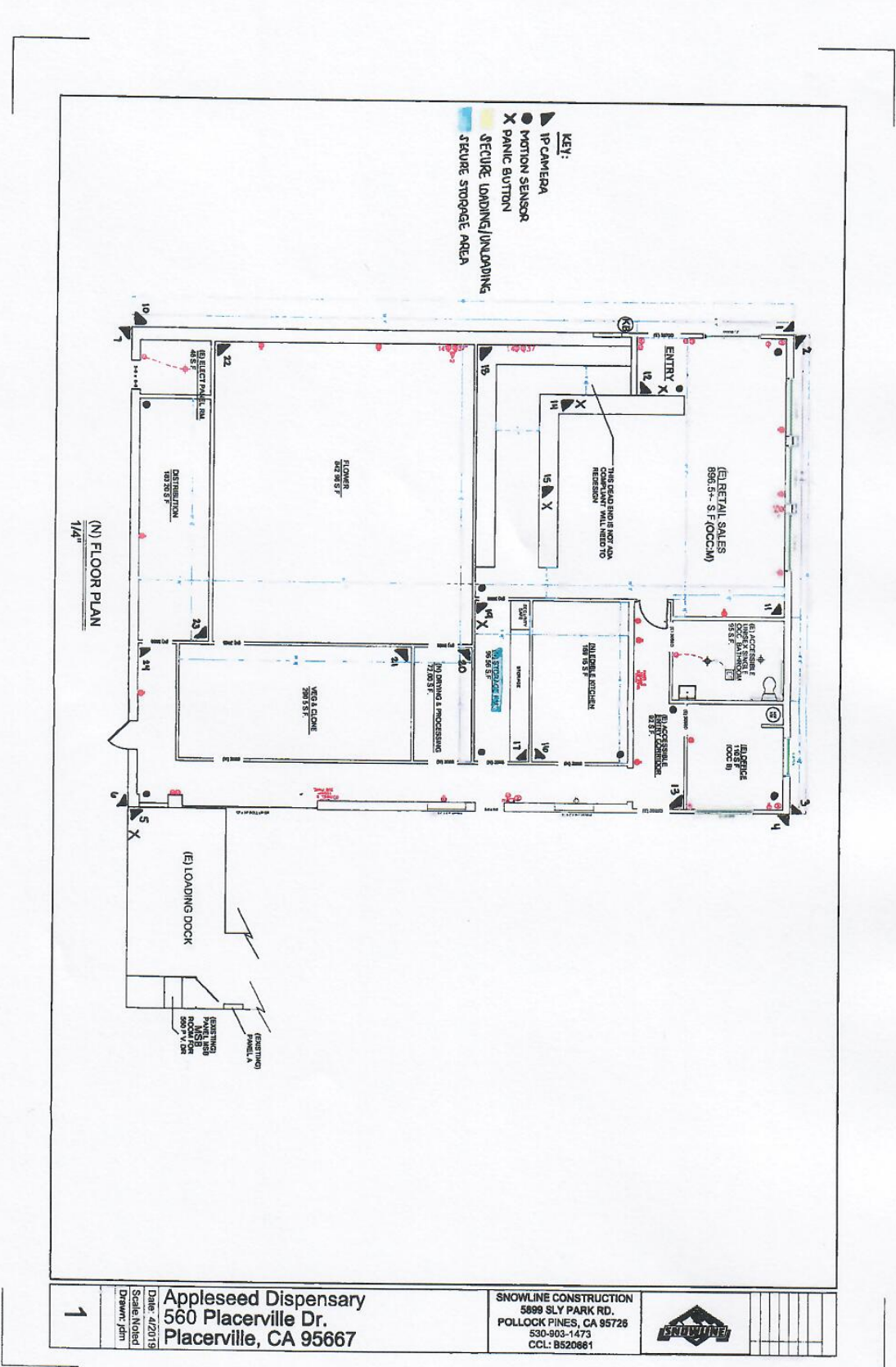
**Crime
Alert Security**

Lic. #ACO7496

C. Facility Maps –



Security Plan



1	Appleaseed Dispensary 560 Placerville Dr. Placerville, CA 95667	SNOWLINE CONSTRUCTION 5899 SLY PARK RD. POLLOCK PINES, CA 95726 530-903-1473 CCL: B520681	
---	------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------	--

Security Plan

Crime Alert Security

Lic. #ACO7496

D. Outdoor Lighting–

Exterior lighting shall be white light using LED lamps with full cutoff fixtures to limit glare and light trespass. Broken or damaged exterior lighting shall be repaired or replaced within 48 hours of being noted. Exterior lighting shall be shielded or otherwise designed to avoid spill-over illumination to adjacent streets and properties.

E. Perimeter Security–

Surrounding neighbors include Pro Builders Supplies, a building materials store, to the West and Placerville Food Co-op, a grocery store, located to the North. The Northwest side of the building is accessible from the parking lot and the access door is secured by a security guard.

F. Staff Entrance & Parking –

Staff members shall have access to parking on the East side of the building. Staff members utilize the entrance located on the Northeast side of the building and have a separate entrance than the one used by clients.

G. Client/Vendor Entrance & Parking –

Clients and vendors shall have access to parking on the West side of the building and shall utilize the main entrance located on the Northwest side of the building. Vendors will only be admitted to the facility by a qualified manager.

H. General Security Risks –

Due to the metal construction of this building, it is recommended to add bollards to the sides of the building and additional security to the rooftop to prevent any person(s) accessing the building through the rooftop.

Section 2: Electronic Security System

A. Overview –

This facility is equipped with a burglar alarm that is monitored by a UL listed central station. The alarm system communicates to central station using a primary cellular communicator and is equipped with a battery back-up with at least 24 hours of continued operation time in case of power failure. The alarm system includes silent Holdup Buttons at Point of Sale locations and safe(s) that can be used if there is an immediate threat. Placerville Police Department is the dispatch agency for Holdup Alarms. Manager will be able to respond to any alarm within one hour. All employees with access to the alarm system will be assigned individual alarm codes to arm/disarm the system. This facility maintains a log of when the alarm system is armed and disarmed. The log will be maintained for a minimum of 90 days.

B. Motion Sensors/Doors –

This facility is equipped with Infra-Red Motion Sensors to monitor movement in the facility when the alarm system is armed. All exterior pedestrian doors will be contacted and connected to the alarm system.

Security Plan

Crime Alert Security

Lic. #ACO7496

C. Open/Close Reporting –

The alarm system monitors all disarming and arming of the system. It is recommended to implement a supervised open/close reporting which provides a notification by the Central Station if the alarm system is armed or disarmed outside of normal hours.

D. Controlled Access/Visitors –

Visitors must be scheduled and documented in a visitor log; any unscheduled visitors will not be permitted access to the property. Manager is responsible for reasonably controlling the conduct of persons on the site and shall immediately disperse loiterers. Employees will wear issued ID Badges while at the facility. Unauthorized persons on the property will be reported to a qualified manager who will request private security if needed. If there is an immediate threat, manager will call 911.

E. Video Assessment and Surveillance System (VASS) –

This facility is equipped with a VASS. Cameras are recorded at a minimum of 2MP (2048x1536) resolution, 15 Frames Per Second, except where camera placement allows for lower resolution cameras to provide adequate coverage (pixel per foot ratio to be taken into consideration). Camera recordings are maintained for a minimum of 90 days. Camera recordings are kept on-site in a secured area only accessible to management. Camera system is maintained with a battery back-up with at least 1 hour of stand-by time in case of power failure. Camera system supports standard MPEG formats. Cameras are equipped with Infrared illuminators and/or low light capability. Camera system provides comprehensive coverage of the following areas:

1. Main entrance
2. Lobby
3. One camera dedicated to capture faces
4. Safes & storage areas
5. Sales room
6. Loading area
7. Any areas where cannabis is stored
8. Exterior and parking lot

It is also recommended to add additional covert SD cameras installed at the headend and keypad locations. This device will capture and log independently from the current recording solution any individual attempting to tamper with your alarm and/or recording device. Manager with access to the camera system can respond within 1 hour. Manager shall have the ability to transfer recorded data to another medium (e.g. DVD, thumb drive, etc.) Monitors displaying the employee parking area and property perimeter are mounted in a visible location near employee entrance so that employees may monitor outside environment prior to exiting the building.

F. Security Audit, Maintenance & Testing –

Manager will ensure that the alarm system is in working order by testing the system weekly as trained by the technician. Crime Alert Security offers surveillance monitoring which includes a weekly camera and hard drive check to ensure all cameras and hard drives are operational.



Security Plan



Lic. #ACO7496

- G. Third Party Monitoring –
This facility is monitored by a UL listed central station.

Section 3: Compliance & Procedures

- A. Hours of Operation –
This facility is open from 9:00am-9:00pm, 7 days a week.
- B. Security Related Opening & Closing Procedure –
A qualified manager will be the first person to enter/open the facility at the start of a business day.
A qualified manager will be the last person to leave/close the facility at the end of a business day.
- C. Onsite Consumption Policy –
No person shall be allowed to smoke, ingest, or otherwise consume cannabis in any form on, or within 20 feet of the site.
- D. Secure Storage Area –
This facility has a safe room that is secured and only accessible by a manager.
- E. Client Admittance –
Client enters the facility and must show identification card at the intake desk. A ratio of 1 client per 1 staff member shall be followed in the retail sales room to deter and prevent the theft of cannabis. A controlled line will begin outside along the side of the building if area exceeds this ratio.
- F. Loading Procedures –
When transport vehicle arrives at the facility, it will enter the loading dock located on the Southeast side of the building. Manager will verify that there is no unauthorized persons or vehicles in parking lot prior to opening door in front of loading area. Finished product for transport will remain in locked storage area until transport vehicle is pulled up to door and area is secure. Once transport vehicle is loaded, manager will verify that the parking lot is clear before vehicle exits the loading area.
- G. Security Staff Procedures & Policies –
For best practices, the manager should have a general briefing with the security guard(s) on duty at the beginning of his/her shift to inform of any scheduled appointments, as well as a debriefing at the end of each shift to go over the day.
- H. Money Handling & Limited Cash Operation –
Management will oversee all cash handling and conduct periodic cash drops from point of sale locations. Cash will be transported out of the facility by the security manager in a secured vehicle.



Lic. #ACO7496

- I. Internal Theft Prevention –
Strategies to prevent internal theft include: pre-employment background checks conducted by an accredited organization, annual background checks of existing employees, restricting the number of visitors at one time, employee movements will be monitored by video surveillance, and vendors performing work on site will be escorted by manager. It is also recommended that there is one designated manager or representative managing the security system with approval to handle codes and verbal passwords. All codes and passwords should be reset whenever personnel changes are made. Each employee should have their own individual code that is not to be shared with anyone.
- J. Robbery & Prevention –
Strategies to prevent robberies include: video surveillance infrastructure situated on the exterior of the facility, signage on each access point indicating the presence of a monitored security system, intrusion detection contacts on exterior and interior doors, motion sensors installed throughout the interior of the facility, and Hold Up alarms installed in the event a robbery occurs. Staff members are trained to utilize these alarms which will immediately dispatch the Placerville Police Department. If a robbery has occurred, the manager can review footage and transfer recorded data to another medium (e.g. DVD, thumb drive, etc.).
- K. Managing Unwelcome Individuals –
Unauthorized persons on the property will be reported to a qualified manager or guard. If there is an immediate threat, manager or guard will call 911.
- L. Incident Management & Emergency Response –
In the event of an injury, manager will immediately call 911. The injured person will not be moved until emergency response arrives and assesses the injury.
- M. Lock-down of Inventory –
One person will oversee all inventory procedures and will be recorded on a regular basis.
- N. Reporting & Investigation of an Incident –
Manager will immediately contact security guard company to report an incident.
- O. Cooperating & Communicating with Law Enforcement –
Manager will ensure there is an open line of communication between the facility and local law enforcement, immediately reporting all criminal activity to the Placerville Police Department.
- P. Training Drills –
This facility will conduct ongoing training required for best practices for safety of all employees and patrons. Fire drills, armed robbery and burglary discovery drills are examples of drills that may be conducted on the premises as part of comprehensive security training.



Security Plan



Lic. #ACO7496

Q. Personnel Records –

Personnel Records will be kept in locked area with access to managers and security guards only to comply with HIPAA and California Human Resource regulations.

R. Facility Maintenance –

No more than 33 percent of the square footage of the windows and clear doors shall be blocked by advertising, signs, shelves, or anything else. All advertising, signs, and shelving shall be placed and maintained in a manner that ensures that law enforcement personnel have a clear and unobstructed view of the interior of the premises from the exterior public sidewalk or entrance to the premises. All signs shall comply with the City Code. All litter will be removed from the site daily. All dumpsters onsite shall be kept locked and inside the building. Any graffiti painted or marked upon the premises or on any adjacent area under the control of the facility shall be removed or painted over with matching paint within 72 hours of being applied. No public pay phones/telephones shall be allowed on the premises. No coin operated games or video machines shall be allowed on the premises. Facility has a Knox Box installed for police access to the exterior areas of the property after hours.

Section 4: On Site Physical Security Services

A professional, licensed and insured private security company shall be the on-site security service at this facility. Two security guards will be securing the area during business hours. One guard will be stationed outside of the front door and the second stationed within the sales area. Managers and security guards shall each have a handheld radio while on duty to communicate all emergencies, verify how many clients are on premises and to request additional staff in certain areas if needed.



Air Quality Plan

The HVAC Systems for each room will be separate to ensure that there is no cross contamination within the rooms. Each room will be installed with a negative air movement system. The negative air movement system consists of a carbon filtration system connected to a fan pulling negative air as to eliminate air leakage from the entrances/exits to the building. We are currently using these systems in Sacramento and they have been proven effective to control odor. Filters will be replaced every 6 months to guarantee quality control.



Labor & Employment

1. Employee Hiring Guidelines for Reserve House.

Reserve House strives to hire local, qualified residents. We provide a work environment that is safe for the employees, patients and the community by requiring all appropriate background checks and references and complying with local and state requirements. All potential employees will undergo a background check and a vetting process that includes checking references before commencing work. All potential employees are required to be legally authorized to do so under applicable state law.

Reserve House strives to pay all employees a living wage based on the Cost of Living within El Dorado County. Minimum hourly rate of pay will be \$15 per hour.

As part of the application process, all applicants will be required, but not limited, to provide the following information:

- Name, address, and phone number
- Age and verification: Copy of driver’s license, birth certificate or other proof that the applicant is at least twenty one (21) years of age.
- Previous employment references: Name, address, and contact person for at least three previous employers. If the applicant has been previously fired, resigned, or asked to leave, he or she must provide reasons for dismissal or firing.
- Live Scan
- A signed statement under penalty of perjury that the information provided is true and correct.
- Submit to two interviews with employers or site managers.

2. Employee Training Guidelines

Training of new employees will happen under the strict supervision of qualified managers and owners under the guidelines provided by the State of California and the City of Placerville for a commercial cannabis business. Employees will be trained on their specific job responsibilities and corresponding procedures by the site Manager. All training must be completed before an employee can perform any task independently. New employees are required to shadow a more experienced employee or manager for a period determined by the onsite Manager or their designee. Some tasks may require a longer shadowing period than others. The onsite Manager or their designee will determine whether additional training and shadowing is required for an employee. At a minimum, all employees will receive training to include all areas -- safety and security, product and cannabis research knowledge and community engagement.

Upon completion of training, all employees are required to complete the Employee Acknowledgement page affirming that they received training and will adhere to the rules and regulations required by the State of California and the City of Placerville and are comfortable performing their assigned task. A copy of the employee’s signed acknowledgement will be maintained in the personnel files for accurate and current record keeping. All employees must maintain the utmost ethical behavior and display good moral character.



3. Employee Expectations and Security Training

Reserve House is committed to ensuring the safety of the community, patients and its employees. Reserve House is committed to upholding the guidelines provided by the State of California and the City of Placerville. Under our Security and Safety Plan we outline the procedures for granting employees access cards, hiring and termination. Initial employee safety and security training shall include: Building orientation and access authority which shall include:

- The proper use of employee’s access badge for entry into the premises and main building entrance.
- The proper use of employee’s access badge for entry into employee’s authorized access areas.
- The proper use of employee’s agent card.
- Employee’s authorized entry and exit points.
- Acknowledgement and understanding of the rules and regulations required of a commercial cannabis business in the State of California and the City of Placerville along with a signed acknowledgement stating that all rules will be adhered to.
- Restroom and sink facilities. Measures and controls for the prevention of diversion, theft or loss of cannabis and cannabis products which shall include:
 - Necessity of keeping all facility doors locked and secure at all times.
 - Prohibited activities such as entrance into unauthorized access areas.
 - Awareness of video monitoring.
 - ICS training for the tracking of all product-related activities and information. Requirement to report any unusual activity, security concern, or loitering.

Procedures and instructions for responding to an emergency that will include:

- Accident prevention training
- How to respond to an emergency
- Emergency service provider location
- Emergency service contact information
- Emergency first aid kit locations
- Emergency exits and panic button locations
- Fire & flood safety

To promote professionalism and organization, all employees will be expected to follow the established safety practices set forth in the Security Plan, be in compliance with the approved uniform dress code, display proper hygiene, keep a professional physical appearance, and wear their agent card at all times.



4. Employee Security Staff

As part of the employee pool Reserve House will hire local security employees to assist the Security Manager with the performance and implementation of the Security Plan. Security staff will wear a distinct badge, act and address individuals in a formal manner, and continuously patrol when not on a fixed duty assignment.

5. Employee Log

For the safety and security of the premises surrounding the building, the building, its occupants, and products, the Security Manager will keep a current and accessible roster of all employees and ensure that all employees are aware of terminations or duty reassignments as they occur. All terminated employees or those not having valid agent cards shall be prohibited from being in, on or about the dispensary.

6. Employee Termination

Upon termination of any employee, whether it be voluntary or involuntary, Reserve House shall ensure that terminated employee's keys, tools and access codes and cards are returned, and ensure that such codes and access points are altered so as to prevent the terminated employees' access. Reserve House shall notify the city and local law enforcement within ten (10) days after a cannabis establishment agent ceases to be employed by the facility.

7. Employee Right to Organize

Reserve House acknowledges the rights of its employees to form and/or participate in a collective bargaining organization as outlined by the State of California, the County of El Dorado, and the City of Placerville.

8. Continuing Education

Reserve House will encourage its employees to participate in outside seminars, classes, and conferences specifically related to the Commercial Cannabis Industry and the various components necessary to progressively run the business and stay current on changing laws and regulations. In addition, Reserve House will send appropriate employees and owners to meetings, seminars and conferences provided by the State of California, the County of El Dorado, and the City of Placerville. Reserve House will establish a request form and procedures to provide our employees with the opportunity to attend and participate in continuing education experiences at the expense of Reserve House.

PHASE 3



.....

Qualifications of Owners

Jeremy Dlabaj:

15 years experience in the Medical Cannabis industry.

Resident of El Dorado County since 2011.

Part owner and operator in three medical cannabis dispensaries.

Cannabis cultivator since 2004.

Owner of a micro license in Sacramento, California to include cultivation, manufacturing, distribution and retail delivery.

Participant in a study that analyzed nutrient uptake specifically of the Cannabis plant for proper nutrient regimens.

Scott Martin:

18 years experience in the Medical Cannabis industry.

Resident of El Dorado County since 2004.

Cannabis cultivator since 2001.

Owner of micro license in Sacramento, California to include cultivation, manufacturing, distribution and retail delivery.

Owner of Appleseed Horticulture since 2012 specializing in cannabis related consulting and cultivation materials. Currently operating in 2 locations.

Head grower for Horizon Collective, a Sacramento based medical cannabis business.

COO of Earth & Iron, Inc. a licensed cultivation operation based in Calaveras County, CA. Currently not operating per the Calaveras County ban. Company was in good standing with state and local licensing when the ban implemented.

National Guard veteran. Member of the Free Masons. Supporter of local charities and sports organizations via donations and financial support.



Location



560 Placerville Drive, Placerville CA 95667

* See architectural drawings for additional details

*There are no sensitive use areas within 250 feet of this location.



.....

Location - Notarized Letter of Intent

Letter of Intent

Date: April 18, 2019

Seller/Owner: Barbara J. Henningsen Trust

Purchaser/Buyer: JSCR Management LLC

Broker: Sotheby's International Realty DRE #00899496
Representing both Buyer and Seller

Property: Known as 550 & 560 Placerville Drive, Placerville, CA 95667 APN# 323-580-01-120
in the County of El Dorado.

This **non-binding letter** represents Buyer's intent to purchase the above defined property including the land and improvements on the following terms and conditions:

Purchase Price: One million dollars (\$1,000,000)

Financing: Cash

Contingency: This purchase is contingent upon the Buyer receiving written approval and possession of The Commercial Cannabis Business Permit License from the City of Placerville, CA. This is to include Occupancy approval in writing from the City of Placerville, CA as it regards itself a cannabis business for operation on the subject property.

Purchase Contract: Buyer shall have seven (7) calendar days after receiving City approvals to mutually execute a formal purchase agreement in accordance with the guidelines of this Letter of Intent. Hereby, the formal Purchase Agreement must be executed before the first day of July, 2019 (07/01/19).



.....

Location - Notarized Letter of Intent

Earnest Money: Ten thousand dollars (\$10,000) to be deposited into an escrow company account by Buyer within three (3) business days after a fully executed purchase agreement. An additional twenty thousand dollars (\$20,000) shall be deposited into the escrow company upon release of all contingencies.

Due Diligence: Buyer shall have a period of sixty (60) calendar days from the time of the execution of a formal Purchase Agreement to perform their due diligence. The due diligence will be acceptable to Buyer at their absolute and sole discretion, including and without limitation to: environmental matters, leases, physical inspection, title, and zoning.

Closing: Closing shall occur within forty-five (45) days after completion of due diligence period.

Additional Conditions: Buyer to accept current lease obligations, seller to provide full disclosure of any and all prepaid rents and security deposits held by Seller. Buyer may have an assignee for the final Purchase Agreement.

Real Property Taxes: Real property taxes shall be prorated at closing according to the local customary proration method.

Agent: Sandra M. Schirmer DRE# 01419062 represents both Buyer and Seller

This letter of intent is **not intended** to create a binding agreement on the Seller to sell or the Buyer to purchase. The purpose of this letter is to set forth the primary terms and conditions upon which to execute a formal Purchase Agreement. All other terms and conditions shall be negotiated in the formal Purchase Agreement.

Prepared by:

Broker: Sotheby International Realty DRE # 00899496

Agent: Sandra M. Schirmer DRE # 01419062

574 Lighthouse Ave, Pacific Grove, CA 93950

Ph: 831-869-2424 Email: smschirm@gmail.com

Signature: *Sandra M. Schirmer*
4-18-19





Location - Notarized Letter of Intent

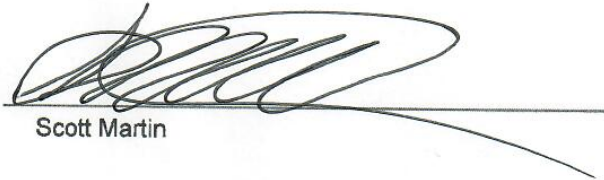
Agreed and Accepted:

Buyer : JSCR Management LLC

By: 
Jeremy Dlabaj

Date 4-22-2019

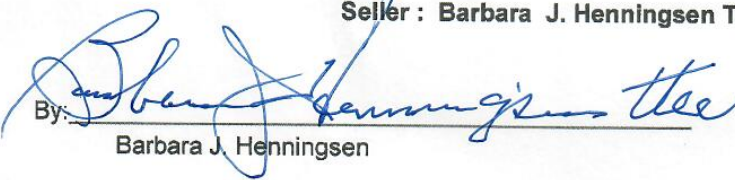
SEE ATTACHED FOR NOTARY FORM

By: 
Scott Martin

Date 4-22-2019

SEE ATTACHED FOR NOTARY FORM

Seller : Barbara J. Henningsen Trust

By: 
Barbara J. Henningsen

Date 4/22/2019

SEE ATTACHED FOR NOTARY FORM

Location - Notarized Letter of Intent

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Placer

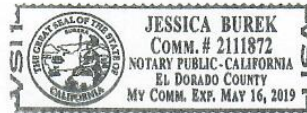
On 4/22/2019 before me, Jessie Burek - Notary Public
(insert name and title of the officer)

personally appeared Jeremy Blabai
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Jessie Burek (Seal)



Location - Notarized Letter of Intent

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

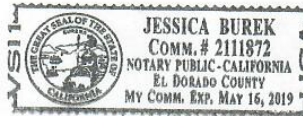
State of California
County of Placer)

On 4/22/19 before me, Jessica Burek Notary Public
(insert name and title of the officer)

personally appeared Scott Martin,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Jessica Burek (Seal)



Neighborhood Compatability Plan

Our space at 560 Placerville Dr is uniquely positioned. The facility is a well-lit, well-ventilated commercial building. There will be a single secure main entrance in the front of the building and a secured back and employee entrance.

The exterior areas and surrounding public areas will be strictly managed by an exterior building security protocol that is included in our Safety and Security Plan, outlining measures and procedures that will provide additional safety to neighboring businesses and residences, including having security personnel walk the surrounding areas of the location before opening, during operating hours and after closing the facility. To prevent access into the dispensary, there are limited points of access. All doors (whether interior or exterior) shall have electronic surveillance and sounding alarm equipment to deter and detect unauthorized intrusion and emergency exits.

Our signage is designed to be discreet, our logo and signage on the building will give no indication about the nature of our business, in keeping with the requirements of the statute while at the same time minimizing the presence of an attractive nuisance. Our signage will help limit attention and thus, the threat of crime. The main entrance area will be modestly marked. Warning signs on the main entrance door will advise all entrants that no firearms or dangerous weapons are allowed anywhere in the facility.

a. Odor Mitigation:

Reserve House desires to be a good neighbor and avoid nuisances of odor that may be generated by its operations. Its Odor Control Plan with its HVAC system will mitigate against such a nuisance. An HVAC system throughout that provides adequate ventilation and which includes the following features:

- Equipment for adequate control over air pressure, microorganisms, dust, humidity and temperature when appropriate for the manufacture, processing, packaging or holding of cannabis products.
- Filtration systems, including (when appropriate) prefilters and particulate matter air filters, on air supplies to production areas, with the intakes placed in areas of highest anticipated contaminant concentration.
- Exhaust and other systems adequate to control odor and contaminants, with a ventilation rate of at least 15cfm/ occupant based on occupancy of 30 persons at any given time.
- Once odor control has been established, periodic testing shall be conducted to ensure that the odor control systems are operating to maintain the baseline. As the filters age, replacement will be required and will be conducted, as determined by the calibrated sensor on the test equipment.
- We plan to provide the City Managers information to all neighbors for any complaints as to mitigate a timely solution.

*** Site plan is located in gray accordion folder**





.....

Environmental Impact Mitigation

Reserve House intends to implement green business practices as follows:

Energy and Climate: Our intention is to install solar paneling on the roof to provide supplemental energy. We have received a quote and installation advice from a local provider, Solar Hut, and plan to move forward with the proposal upon approval from the City. We intend to use LED lighting throughout the facility to reduce the amount of energy needed to run our facility as well as our grow room.

Water Conservation: We intend to use the latest technology filtration systems to clean all waste water in our cultivation facility. NUF Filtration is a new revolutionary way to filter and sanitize water in one sole and unique pass, at an extremely competitive cost. The NUF membrane provides one of the best filtration and cut-off rates available in the market, assuring an rejection of all pollutants in the water which are bigger than 30 nm (=0.03 μ). The system cleans all waste water so it can be re-used thus conserving water and eliminating contamination to our water supplies.

Waste Management: We have confirmed with El Dorado Waste Management that green waste can be processed and disposed of at the Placerville facility. We intend to process all of our green waste through them. All green waste will be kept in a waste container inside of the locked processing room until until moved to the disposal facility.



Environmental Impact Mitigation



CREATED FOR: APPLESEED HORTICULTURE INC
560 PLACERVILLE DRIVE
PLACERVILLE, CA, USA
(530)417-7811 |
APPLESEEDHYDROPONICS@GMAIL.COM

A photograph of a residential roof with a large array of solar panels installed. The panels are dark and arranged in a grid pattern. The roof is covered in grey shingles. In the background, there are white clouds and a tall, dark evergreen tree on the right side.

PROPOSAL FOR A 28.14 KW SOLAR PROJECT



Environmental Impact Mitigation



Created for: Appleseed Horticulture Inc
560 Placerville Drive
Placerville, CA, USA
(530)417-7811 |
appleseedhydroponics@gmail.com

FINANCIAL ANALYSIS

PRICING

Price for turnkey solution	\$97,645.80
Gross Cost	\$97,645.80
Total incentives	-\$29,293.74
Difference	\$68,352.06

SAVINGS

Old monthly bill	\$459.37
Monthly solar payment	\$0.00
New utility bill	\$25.98
New monthly bill	\$25.98
Estimated Savings Over 30 Years with Solar	\$286,145.57

COST BREAKDOWN

Description	Price	Discounts	Total Price
Base Price Based on a 28.14 kW installation	\$97,645.80		
Federal Tax Credit Residential Renewable Energy Tax Credit		-\$29,293.74	
Cost after Rebates & Incentives	\$97,645.80	-\$29,293.74	\$68,352.06



Labor & Employment

1. Employee Hiring Guidelines for Reserve House.

Reserve House strives to hire local, qualified residents. We provide a work environment that is safe for the employees, patients and the community by requiring all appropriate background checks and references and complying with local and state requirements. All potential employees will undergo a background check and a vetting process that includes checking references before commencing work. All potential employees are required to be legally authorized to do so under applicable state law.

Reserve House strives to pay all employees a living wage based on the Cost of Living within El Dorado County. Minimum hourly rate of pay will be \$15 per hour.

As part of the application process, all applicants will be required, but not limited, to provide the following information:

- Name, address, and phone number
- Age and verification: Copy of driver's license, birth certificate or other proof that the applicant is at least twenty one (21) years of age.
- Previous employment references: Name, address, and contact person for at least three previous employers. If the applicant has been previously fired, resigned, or asked to leave, he or she must provide reasons for dismissal or firing.
- Live Scan
- A signed statement under penalty of perjury that the information provided is true and correct.
- Submit to two interviews with employers or site managers.

2. Employee Training Guidelines

Training of new employees will happen under the strict supervision of qualified managers and owners under the guidelines provided by the State of California and the City of Placerville for a commercial cannabis business. Employees will be trained on their specific job responsibilities and corresponding procedures by the site Manager. All training must be completed before an employee can perform any task independently. New employees are required to shadow a more experienced employee or manager for a period determined by the onsite Manager or their designee. Some tasks may require a longer shadowing period than others. The onsite Manager or their designee will determine whether additional training and shadowing is required for an employee. At a minimum, all employees will receive training to include all areas -- safety and security, product and cannabis research knowledge and community engagement.

Upon completion of training, all employees are required to complete the Employee Acknowledgement page affirming that they received training and will adhere to the rules and regulations required by the State of California and the City of Placerville and are comfortable performing their assigned task. A copy of the employee's signed acknowledgement will be maintained in the personnel files for accurate and current record keeping. All employees must maintain the utmost ethical behavior and display good moral character.



3. Employee Expectations and Security Training

Reserve House is committed to ensuring the safety of the community, patients and its employees. Reserve House is committed to upholding the guidelines provided by the State of California and the City of Placerville. Under our Security and Safety Plan we outline the procedures for granting employees access cards, hiring and termination. Initial employee safety and security training shall include: Building orientation and access authority which shall include:

- The proper use of employee’s access badge for entry into the premises and main building entrance.
- The proper use of employee’s access badge for entry into employee’s authorized access areas.
- The proper use of employee’s agent card.
- Employee’s authorized entry and exit points.
- Acknowledgement and understanding of the rules and regulations required of a commercial cannabis business in the State of California and the City of Placerville along with a signed acknowledgement stating that all rules will be adhered to.
- Restroom and sink facilities. Measures and controls for the prevention of diversion, theft or loss of cannabis and cannabis products which shall include:
 - Necessity of keeping all facility doors locked and secure at all times.
 - Prohibited activities such as entrance into unauthorized access areas.
 - Awareness of video monitoring.
- ICS training for the tracking of all product-related activities and information. Requirement to report any unusual activity, security concern, or loitering.

Procedures and instructions for responding to an emergency that will include:

- Accident prevention training
- How to respond to an emergency
- Emergency service provider location
- Emergency service contact information
- Emergency first aid kit locations
- Emergency exits and panic button locations
- Fire & flood safety

To promote professionalism and organization, all employees will be expected to follow the established safety practices set forth in the Security Plan, be in compliance with the approved uniform dress code, display proper hygiene, keep a professional physical appearance, and wear their agent card at all times.



4. Employee Security Staff

As part of the employee pool Reserve House will hire local security employees to assist the Security Manager with the performance and implementation of the Security Plan. Security staff will wear a distinct badge, act and address individuals in a formal manner, and continuously patrol when not on a fixed duty assignment.

5. Employee Log

For the safety and security of the premises surrounding the building, the building, its occupants, and products, the Security Manager will keep a current and accessible roster of all employees and ensure that all employees are aware of terminations or duty reassignments as they occur. All terminated employees or those not having valid agent cards shall be prohibited from being in, on or about the dispensary.

6. Employee Termination

Upon termination of any employee, whether it be voluntary or involuntary, Reserve House shall ensure that terminated employee's keys, tools and access codes and cards are returned, and ensure that such codes and access points are altered so as to prevent the terminated employees' access. Reserve House shall notify the city and local law enforcement within ten (10) days after a cannabis establishment agent ceases to be employed by the facility.

7. Employee Right to Organize

Reserve House acknowledges the rights of its employees to form and/or participate in a collective bargaining organization as outlined by the State of California, the County of El Dorado, and the City of Placerville.

8. Continuing Education

Reserve House will encourage its employees to participate in outside seminars, classes, and conferences specifically related to the Commercial Cannabis Industry and the various components necessary to progressively run the business and stay current on changing laws and regulations. In addition, Reserve House will send appropriate employees and owners to meetings, seminars and conferences provided by the State of California, the County of El Dorado, and the City of Placerville. Reserve House will establish a request form and procedures to provide our employees with the opportunity to attend and participate in continuing education experiences at the expense of Reserve House.



.....

Local Enterprise

Business owner and COO of JSCR Management, LLC Scott Martin resides in Placerville, CA. Owner and CEO of JSCR Management, LLC Jeremy Dlabaj resides in Camino, CA. The Reserve House headquarters and operations are in Placerville, CA.

Our hiring practices will stay local to the best of our abilities.

JSCR Management LLC plans on sourcing materials and services locally within the County of El Dorado and if unavailable within the County, then through other available resources in Northern California.

We will be supporting as many local businesses as possible. Examples include: Snowline Construction, Sierra Security and Fire, Solar Hut, Appleseed Horticulture, USPS, Home Depot, Starbucks, Site One Landscape Supply, Winterfalls Ranch, Advanced Gases & Equipment, Norcal Plant Nutrients , Star Rentals, Ferguson Plumbing Supply, etc.



.....

Business Plan - *General Introduction*

Licensed cannabis micro-business operations contain the full spectrum of the industry from product creation to delivery. We at Reserve House will prioritize and be laser focused on the following functions:

Purchasing high quality raw cannabis material from local farmers

- Safe and efficient operations using engineer-certified, state-of-the art equipment, as required by the state and local laws.
- Acquisition of clean test results from orderly, regulation-compliant third-party testing labs
- Professional and state compliant packaging and labeling of exceptional finished goods that clients and regulations demand
- Secure distribution of these packaged goods
- Calculation, collection, and payment of all required taxes to local, state, and federal agencies
- Keeping detailed records and maintaining a spotless tracking of all inventory along the way.

Our methods for making sure our proposed medical cannabis business succeeds while staying in compliance with all local and state regulations start with implementation of the attached draft standard operating procedures (SOP's) and training.

Our team is committed to be an example to those in the cannabis industry and will help to make the City of Placerville a beaming case study in compliance and execution. The following paragraphs should provide you with a brief overview of our business with details following within this document as well as in our exhibits and attachments to address the specific evaluation criteria for the City of Placerville.



.....

Business Plan - *Cultivation Phase I & II*

Phase I of cultivation will use the existing building space with 40 lights. Phase II of cultivation will begin operations with additional 168 lamps in 2022, after the building expansion is complete.

Day to Day Operations - Cultivation

The following operations apply to cloning, propagation, growth, harvest and final processing. We will start with an initial plant inspection for pests, disease, overall health (plant, employees, community), safety equipment and personal protective equipment [PPE], watering, odor-control systems operating properly, security systems operational, and safety gear functional. Create hydroponic solutions and apply to plants. Pump out and properly dispose of old hydroponic solutions. Maintain cleanliness and organization of cultivation operations areas on a daily basis. Prune for desired growth and quality. Harvest or planting new plants as needed. Harvested plants set up for curing and trimming.

Integrated Pest Management [IPM] will be run by following Standard Operating Procedures [SOP's] and training. We will use non-toxic, organic practices and beneficial insects whenever possible. All operations will abide by State and Local laws.

Quality control testing will be performed regularly for purity, potency, contamination and compliance.

Legal Compliance – Cultivation

We will be compliant with all local and State laws relevant to the cannabis industry. Locally, we will comply with California Cannabis Business [CCB] and Placerville Municipal Code [PMC] Section 5.28.040. We will stay current with such laws.

We will pay all taxes on time, prevent diversion with security and inventory control. We will provide ongoing education for our employees. We will use the best health and safety equipment and procedures. We will also ensure health and safety for our clients and local community.

Prevent Diversion – Cultivation

We will track and control inventory of all plants from cloning to finished product. We have researched tracking, inventory and control systems and plan to use the Baker Point Of Sale [POS] system.

Start-Up Construction – Cultivation

Construction and build-out is contingent on purchase of real estate, construction permits and licensing approval. Once those are in place, we will complete building improvements, install all electrical, LED lighting, plumbing, solar and irrigation equipment. Upon completion of start-up we will be completely ready to begin cultivation from cloning to final product. Please see start-up budget and timeline for details.

Business Plan - *Cultivation* (Phase I) Cash Flow Year 1

		CASH FLOW STATEMENT												
		2020												
		Year 1												
		January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
1	Beginning Cash Balance													
2	Cash inflows (income):													
3	dry trimmed product sales	75,000	\$61,763	\$48,525	\$30,488	\$71,714	\$112,941	\$122,167	\$131,394	\$140,620	\$149,847	\$159,073	\$168,300	576,000
4	Investment Income													0
5	Other:													0
6	Total Cash Inflows	\$0	\$0	\$0	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	576,000
7	Available Cash Balance	\$75,000	\$61,763	\$48,525	\$30,488	\$71,714	\$112,941	\$122,167	\$131,394	\$140,620	\$149,847	\$159,073	\$168,300	576,000
8	Cash Outflows (Expenses):													
9	Trimming	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
10	Grow supplies, nutr, chem, fert ...	200	200	200	200	200	200	200	200	200	200	200	200	2,400
11	Insurance	100	100	100	100	100	100	100	100	100	100	100	100	1,200
12	Accountant/Bookkeeper	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	31,200
13	Security	200	200	200	200	200	200	200	200	200	200	200	200	2,400
14	Maintenance & Repairs	200	200	200	200	200	200	200	200	200	200	200	200	2,400
15	Operating Supplies	563	563	563	563	563	563	563	563	563	563	563	563	6,750
16	Labor	25	25	25	25	25	25	25	25	25	25	25	25	300
17	Marketing	200	200	200	200	200	200	200	200	200	200	200	200	2,400
18	Software, subscriptions	200	200	200	200	200	200	200	200	200	200	200	200	2,400
19	Professional Fees	0	0	0	0	0	0	0	0	0	0	0	0	0
20	Rent	50	50	50	50	50	50	50	50	50	50	50	50	600
21	Office Supplies	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
22	Permits & Licenses	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	48,000
23	Utilities & Telephone	600	600	600	600	600	600	600	600	600	600	600	600	7,200
24	Community Benefits	500	500	500	500	500	500	500	500	500	500	500	500	6,000
25	Taxes City													0
26	Taxes State													0
27	Contingency													0
28	Subtotal	\$13,238	\$13,238	\$18,038	\$22,774	\$22,774	\$24,774	\$24,774	\$24,774	\$24,774	\$24,774	\$24,774	\$24,774	263,474
29	Other Cash Out Flows:													
30	Capital Purchases													0
31	Business Expansion													0
32	Owner's Draw													0
33	Partner dividend													0
34	Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0
35	Total Cash Outflows	\$13,238	\$13,238	\$18,038	\$22,774	\$22,774	\$24,774	\$24,774	\$24,774	\$24,774	\$24,774	\$24,774	\$24,774	263,474
36	Net Income	(\$13,238)	(\$13,238)	(\$18,038)	(\$18,038)	(\$18,038)	(\$18,038)	(\$18,038)	(\$18,038)	(\$18,038)	(\$18,038)	(\$18,038)	(\$18,038)	(\$13,238)
37	Ending Cash Balance	\$61,763	\$48,525	\$30,488	\$71,714	\$112,941	\$112,941	\$122,167	\$131,394	\$140,620	\$149,847	\$159,073	\$168,300	\$403,474

Assumptions

- 1 32 lamps, 2 lbs per light, harvest 16 lights per month = 32 pounds cured weight product x \$2000 per pound
- 2 monthly product sales
- 3 Trimming
- 4 \$150 per pound x 32 pounds
- 5 CO2, fert, nutrients
- 6 5 days a week, 5 hours a day part time - \$15 an hour x 1.5 for tax, social sec, workmans comp etc...
- 7 rent
- 8 buying building - no rent
- 9 weedmaps
- 10 per section 5.28-5, \$7 per square foot of canopy
- 11 taxes city
- 12 taxes state



Business Plan - *Cultivation* (Phase I) Cash Flow Year 2

		2021												TOTALS
		January	February	March	April	May	June	July	August	September	October	November	December	
1	Beginning Cash Balance	\$139,826	\$139,415	\$148,004	\$156,593	\$165,182	\$173,771	\$182,360	\$190,949	\$199,538	\$208,127	\$216,716	\$225,305	788,000
2	Cash Inflows (Income):													0
3	dry trimmed product sales	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	0
4	Investment Income													0
5	Other:													0
6	Total Cash Inflows	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	640,000
7	Available Cash Balance	\$194,826	\$203,415	\$212,004	\$220,593	\$229,182	\$237,771	\$246,360	\$254,949	\$263,538	\$272,127	\$280,716	\$289,305	1,428,000
8	Cash Outflows (Expenses):													788,000
9	Trimming	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	57,600
10	Grow supplies, nutr, chem, fert ...	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
11	Insurance	200	200	200	200	200	200	200	200	200	200	200	200	2,400
12	Accountant/Bookkeeper	100	100	100	100	100	100	100	100	100	100	100	100	1,200
13	Security	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	31,200
14	Maintenance & Repairs	200	200	200	200	200	200	200	200	200	200	200	200	2,400
15	Operating Supplies	200	200	200	200	200	200	200	200	200	200	200	200	2,400
16	Labor	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	14,400
17	Marketing	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
18	Software, subscriptions	25	25	25	25	25	25	25	25	25	25	25	25	300
19	Professional Fees	200	200	200	200	200	200	200	200	200	200	200	200	2,400
20	Rent	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Office Supplies	50	50	50	50	50	50	50	50	50	50	50	50	600
22	Permits & Licenses	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
23	Utilities & Telephone	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	48,000
24	Community Benefits	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
25	Taxes City	600	600	600	600	600	600	600	600	600	600	600	600	7,200
26	Taxes State	4736	4736	4736	4736	4736	4736	4736	4736	4736	4736	4736	4736	6,000
27	Contingency	500	500	500	500	500	500	500	500	500	500	500	500	6,000
28	Subtotal	\$25,411	\$25,411	\$25,411	\$25,411	\$25,411	\$25,411	\$25,411	\$25,411	\$25,411	\$25,411	\$25,411	\$25,411	304,932
29	Other Cash Out Flows:													0
30	Capital Purchases													0
31	Business Expansion	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
32	Owner's Draw	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
33	Partner dividend	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
34	Subtotal	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	360,000
35	Total Cash Outflows	\$55,411	\$55,411	\$55,411	\$55,411	\$55,411	\$55,411	\$55,411	\$55,411	\$55,411	\$55,411	\$55,411	\$55,411	664,932
36	Net Income	\$8,589	\$8,589	\$8,589	\$8,589	\$8,589	\$8,589	\$8,589	\$8,589	\$8,589	\$8,589	\$8,589	\$8,589	\$104,068
37	Ending Cash Balance	\$139,415	\$148,004	\$156,593	\$165,182	\$173,771	\$182,360	\$190,949	\$199,538	\$208,127	\$216,716	\$225,305	\$233,894	\$544,932

Assumptions

- 32 lamps, 2 lbs per light, harvest 16 lights per month = 32 pounds cured weight product x \$2000 per pound
- monthly product sales
- trimming per pound = 32 pounds
- CO2 per plant
- 5 days a week, 5 hours a day part time - \$15 an hour x 1.15 for tax, social sec, workmans comp etc...
- labor
- rent
- marketing
- taxes city
- taxes state
- per section 5-28-5, \$7 per square foot of canopy
- \$9.25 per ounce = \$148 per pound



Business Plan - *Cultivation* (Phase I) Cash Flow Year 3

		2022												
Year 3		January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
1		244,844	\$252,933	\$261,022	\$269,111	\$277,200	\$285,289	\$293,378	\$301,467	\$309,556	\$317,645	\$325,734	\$333,823	768,000
2		64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	0
3														0
4														0
5														0
6														0
7														0
8														0
9														0
10														0
11														0
12														0
13		\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	768,000
14		\$308,844	\$316,933	\$325,022	\$333,111	\$341,200	\$349,289	\$357,378	\$365,467	\$373,556	\$381,645	\$389,734	\$397,823	768,000
15		4800	4800	4800	4800	4800	4800	4800	4800	4800	4800	4800	4800	57,600
16		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
17		200	200	200	200	200	200	200	200	200	200	200	200	2,400
18		100	100	100	100	100	100	100	100	100	100	100	100	1,200
19		2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	31,200
20		200	200	200	200	200	200	200	200	200	200	200	200	2,400
21		200	200	200	200	200	200	200	200	200	200	200	200	2,400
22		1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	14,400
23		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
24		25	25	25	25	25	25	25	25	25	25	25	25	300
25		200	200	200	200	200	200	200	200	200	200	200	200	2,400
26		0	0	0	0	0	0	0	0	0	0	0	0	0
27		50	50	50	50	50	50	50	50	50	50	50	50	600
28		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
29		4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	48,000
30		2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
31		600	600	600	600	600	600	600	600	600	600	600	600	7,200
32		4736	4736	4736	4736	4736	4736	4736	4736	4736	4736	4736	4736	56,832
33		1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12,000
34														0
35														0
36														0
37		\$25,911	\$25,911	\$25,911	\$25,911	\$25,911	\$25,911	\$25,911	\$25,911	\$25,911	\$25,911	\$25,911	\$25,911	310,932
38														0
39														0
40		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
41		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
42		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
43														0
44		\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$240,000
45		\$55,911	\$55,911	\$55,911	\$55,911	\$55,911	\$55,911	\$55,911	\$55,911	\$55,911	\$55,911	\$55,911	\$55,911	\$550,932
46		\$8,089	\$8,089	\$8,089	\$8,089	\$8,089	\$8,089	\$8,089	\$8,089	\$8,089	\$8,089	\$8,089	\$8,089	\$64,712
47		\$252,933	\$261,022	\$269,111	\$277,200	\$285,289	\$293,378	\$301,467	\$309,556	\$317,645	\$325,734	\$333,823	\$341,912	768,000

Assumptions

- 32 lamps, 2 lbs per light, harvest 16 lights per month = 32 pounds cured weight product x \$2000 per pound
- monthly product sales
- \$150 per pound x 32 pounds
- trimming
- CO2, fert, nutrients
- 5 days a week, 5 hours a day part-time - \$15 an hour x 1.5 for tax, social sec, workmans comp etc...
- labor
- rent
- buying building - no rent
- weedmaps
- per section 5-28-5, \$7 per square foot of canopy
- taxes city
- taxes state
- \$9.25 per ounce = \$146 per pound



Business Plan - *Cultivation* (Phase II) Cash Flow Year 1

		2022												TOTALS
		Year 1												
		January	February	March	April	May	June	July	August	September	October	November	December	
1	Beginning Cash Balance	250,000	\$188,975	\$127,950	\$66,925	\$207,636	\$348,747	\$489,658	\$520,569	\$551,480	\$582,391	\$613,302	\$644,213	2,286,000
2	Cash Inflows (Income):													0
3	dry trimmed product sales													0
4	Investment Income													0
5	Other:													0
6	Total Cash Inflows	\$0	\$0	\$0	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	2,286,000
7	Available Cash Balance	\$250,000	\$188,975	\$127,950	\$318,925	\$459,836	\$600,747	\$741,658	\$772,569	\$803,480	\$834,391	\$865,302	\$896,213	2,286,000
8	Cash Outflows (Expenses):													0
9	Trimming	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
10	Grow supplies, nutr, chem, fert,...	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
11	Insurance	100	100	100	100	100	100	100	100	100	100	100	100	1,200
12	Accountant/Bookkeeper	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	31,200
13	Security	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
14	Maintenance & Repairs	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
15	Operating Supplies	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	259,200
16	Labor	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
17	Marketing	100	100	100	100	100	100	100	100	100	100	100	100	1,200
18	Software, subscriptions	200	200	200	200	200	200	200	200	200	200	200	200	2,400
19	Professional Fees	100	100	100	100	100	100	100	100	100	100	100	100	1,200
20	Communications Equip.	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Rent	100	100	100	100	100	100	100	100	100	100	100	100	1,200
22	Office Supplies	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
23	Permits & Licenses	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	180,000
24	Utilities & Telephone	1225	1225	1225	1225	1225	1225	1225	1225	1225	1225	1225	1225	14,700
25	Community Benefits	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	30,000
26	Taxes City													0
27	Taxes State													0
28	Contingency													0
29	Subtotal	\$61,025	\$61,025	\$61,025	\$111,089	\$111,089	\$111,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	1,302,876
30	Other Cash Out Flows:													0
31	Capital Purchases													0
32	Business Expansion													300,000
33	Owner's Draw													120,000
34	Partner dividend													0
35	Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0
36	Total Cash Outflows	\$61,025	\$61,025	\$61,025	\$111,089	\$111,089	\$111,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	1,302,876
37	Net Income	(\$61,025)	(\$61,025)	(\$61,025)	\$207,836	\$348,747	\$489,658	\$520,569	\$551,480	\$582,391	\$613,302	\$644,213	\$675,124	\$1,722,876
38	Ending Cash Balance	\$188,975	\$127,950	\$66,925	\$207,636	\$348,747	\$489,658	\$520,569	\$551,480	\$582,391	\$613,302	\$644,213	\$675,124	\$1,722,876

Assumptions

- 3 monthly product sales 188 lamps, 2 lbs per light, harvest 84 lights per month = 188 pounds cured weight product x \$1500 per pound
- 4 trimming \$150 per pound x 169 pounds
- 5 fert, chem, supplies CO2, fert, nutrients
- 6 labor 8 hours a day, 30 days a month, \$20 an hour x 1.5 for tax, social sec, workmans comp etc... 3 workers
- 7 rent buying building - no rent
- 8 shows, conventions
- 9 marketing per section 5-28-5, \$7 per square foot of canopy
- 10 taxes city \$8.25 per outcrop = \$148 per pound
- 10 taxes state

Business Plan - *Cultivation* (Phase II) Cash Flow Year 2

		2023												TOTALS
		January	February	March	April	May	June	July	August	September	October	November	December	
1	Beginning Cash Balance	675,124	\$706,035	\$736,946	\$767,857	\$798,768	\$829,679	\$860,590	\$891,501	\$922,412	\$953,323	\$984,234	\$1,015,145	3,024,000
2	Cash Inflows (Income):													0
3	dry trimmed product sales	252,000	252,000	252,000	252,000	252,000	252,000	252,000	252,000	252,000	252,000	252,000	252,000	0
4	Investment Income													0
5	Other:													0
6	Total Cash Inflows	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	0
7	Available Cash Balance	\$927,124	\$958,035	\$988,946	\$1,019,857	\$1,050,768	\$1,081,679	\$1,112,590	\$1,143,501	\$1,174,412	\$1,205,323	\$1,236,234	\$1,267,145	3,024,000
8	Cash Outflows (Expenses):													0
9	Trimming	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200	302,400
10	Grow supplies, nutr, chem, fert...	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
11	Insurance	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
12	Accountant/Bookkeeper	100	100	100	100	100	100	100	100	100	100	100	100	1,200
13	Security	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	31,200
14	Maintenance & Repairs	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
15	Operating Supplies	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
16	Labor	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	259,200
17	Software, subscriptions	100	100	100	100	100	100	100	100	100	100	100	100	1,200
18	Professional Fees	200	200	200	200	200	200	200	200	200	200	200	200	2,400
19	Communications Equip.	100	100	100	100	100	100	100	100	100	100	100	100	1,200
20	Rent	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Office Supplies	100	100	100	100	100	100	100	100	100	100	100	100	1,200
22	Permits & Licenses	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
23	Utilities & Telephone	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	180,000
24	Community Benefits	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000
25	Taxes City	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	14,700
26	Taxes State	2,4864	2,4864	2,4864	2,4864	2,4864	2,4864	2,4864	2,4864	2,4864	2,4864	2,4864	2,4864	30,000
27	Contingency	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
28	Subtotal	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	1,573,068
29	Other Cash Out Flows:													0
30	Capital Purchases													0
31	Business Expansion	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	600,000
32	Owner's Draw	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000
33	Partner dividend	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000
34	Subtotal	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	1,080,000
35	Total Cash Outflows	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	2,653,068
36	Net Income	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	370,932
37	Ending Cash Balance	\$706,035	\$736,946	\$767,857	\$798,768	\$829,679	\$860,590	\$891,501	\$922,412	\$953,323	\$984,234	\$1,015,145	\$1,046,056	3,024,000

Assumptions

- 3 monthly product sales
- 4 trimming
- 5 \$150 per pound x 168 pounds
- 6 CO2, fert, nutrients
- 7 labor
- 8 hours a day, 30 days a month, \$20 an hour x 1.5 for tax, social sec, workmans comp etc... 3 workers
- 9 insurance
- 10 marketing
- 11 per section 5-28-5, \$7 per square foot of canopy
- 12 taxes city
- 13 taxes state
- 14 \$9.25 per ounce = \$148 per pound



Business Plan - *Cultivation* (Phase II) Cash Flow Year 3

CASH FLOW STATEMENT													
2024													
	January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
1													
2													
3													
4	Beginning Cash Balance	1,046,056	\$1,076,967	\$1,107,878	\$1,138,789	\$1,169,700	\$1,231,522	\$1,262,433	\$1,293,344	\$1,324,255	\$1,355,166	\$1,386,077	3,024,000
5	Cash Inflows (Income):	252,000	252,000	252,000	252,000	252,000	252,000	252,000	252,000	252,000	252,000	252,000	0
6	dry trimmed product sales												0
7	Investment Income												0
8	Other:												0
9													0
10													0
11													0
12													0
13	Total Cash Inflows	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000
14	Available Cash Balance	\$1,298,056	\$1,328,967	\$1,359,878	\$1,390,789	\$1,421,700	\$1,483,522	\$1,514,433	\$1,545,344	\$1,576,255	\$1,607,166	\$1,638,077	3,024,000
15	Cash Outflows (Expenses):												
16	Trimming	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200	302,400
17	Grow supplies, nutr. chem, fert. ...	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
18	Insurance	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
19	Accountant/Bookkeeper	100	100	100	100	100	100	100	100	100	100	100	1,200
20	Security	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	31,200
21	Maintenance & Repairs	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
22	Operating Supplies	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
23	Labor	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	259,200
24	Marketing	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
25	Software, subscriptions	100	100	100	100	100	100	100	100	100	100	100	1,200
26	Professional Fees	200	200	200	200	200	200	200	200	200	200	200	2,400
27	Communications Equip.	100	100	100	100	100	100	100	100	100	100	100	1,200
28	Rent	0	0	0	0	0	0	0	0	0	0	0	0
29	Office Supplies	100	100	100	100	100	100	100	100	100	100	100	1,200
30	Permits & Licenses	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
31	Utilities & Telephone	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	180,000
32	Community Benefits	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000
33	Taxes City	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	14,700
34	Taxes State	2,4664	2,4664	2,4664	2,4664	2,4664	2,4664	2,4664	2,4664	2,4664	2,4664	2,4664	29,5968
35	Contingency	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
36													0
37	Subtotal	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	\$131,089	1,572,068
38	Other Cash Out Flows:												
39	Capital Purchases												0
40	Business Expansion	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	600,000
41	Owner's Draw	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000
42	Partner dividend	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000
43													0
44	Subtotal	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$840,000
45	Total Cash Outflows	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	\$221,089	\$2,413,068
46	Net Income	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$30,911	\$369,932
47	Ending Cash Balance	\$1,076,967	\$1,107,878	\$1,138,789	\$1,169,700	\$1,231,522	\$1,262,433	\$1,293,344	\$1,324,255	\$1,355,166	\$1,386,077	\$1,416,988	3,024,000

Assumptions

- 3 monthly product sales
- 4 firming \$150 per pound x 168 pounds
- 5 fert. chem, supplies 8 hours a day, 30 days a month, \$20 an hour x 1.5 for tax, social sec, workmens comp etc... 3 workers
- 6 labor
- 7 buying building no rent
- 8 marketing \$9.25 per section 5-298.5, \$7 per square foot of canopy
- 9 taxes city
- 10 taxes state \$9.25 per ounce = \$148 per pound





.....

Business Plan - *Manufacturing Phases I & II*

Phase I will include purchasing oil and manufacturing, packaging and labeling of edibles. Phase II will start in 2021 upon completion of building expansion and will include our own botanical extraction of oils.

Day to Day Operations – Phase I - Manufacturing Edibles

During the initial phase of production Reserve House will be producing chocolate items only. We will require each employee working in the edibles kitchen to pass an online food certification class, provide the test results showing they have passed the test and understand the materials, and follow the required safety and cleanliness standards set forth by the State of California.

Upon arrival, check security systems, cleanliness, environmental control, raw materials supply and mechanical equipment functionality and safety. Perform any required maintenance on equipment. Then re-stock raw materials, turn on equipment as appropriate. Begin following batch recipe SOP's and edible manufacturing process. Always wear personal protective equipment when contacting any raw materials or products.

At the end of the day, turn equipment off, inventory final product and raw materials, replenish or order as needed. Ensure work area is safe and clean.

Our edibles manufacturing operations will be ran by following Standard Operating Procedures [SOP's] and training. All operations will abide by State and Local laws and health codes.

Quality control testing will be performed regularly for purity, potency, contamination, quality and compliance.

Ingredients and potency of chocolate products:

Milk or dark chocolate 100mg / 5mg per serving

- 100mg thc per bar
- 5mg thc per serving / 20 pieces
- 50g bar (1.7oz)

Ingredients: Milk Chocolate (Sugar, Cocoa Butter, Milk, Unsweetened Chocolate, Lecithin (Sunflower and/or Soya), Vanilla), Cannabis Extract.

Label: Allergy Warning: Contains Milk. May Contain Traces of Nuts. 34% Cacao



Business Plan - *Manufacturing Phases I & II*

We will operate a Type 6 non-volatile manufacturing business focused on extraction of the oils of the cannabis plant via the following technique:

Daily Activities (same as Phase I and the following for extraction):

The extraction team’s day is comprised of inspection of the raw material and packing it into columns that are then attached to the extraction equipment. The techs then closely monitor the equipment and collect the resulting oil, which is then carefully stored and further processed through several different proprietary curing or finishing techniques that could last up to five or six days to produce an exceptionally high-quality, consistent, safe, test-passing product.

The Short Path Distillation is for final refinement. This process employs a setup that uses a heated flask is where the extraction material is fed. Gradually, increased heat is applied to the extract material in the feed flask. A vacuum is also applied to assist in drawing the vapors up into the fractionating tubing. From the fractionating tubing the contents then hit the condensing tube where the fractions take separate paths. The weight of each fraction determines the collection flask. After a batch has been completed, it is delivered to distribution for quarantine, testing and release for packaging.

Legal Compliance – Manufacturing

We will be compliant with all local and State laws relevant to the cannabis industry. Locally, we will comply with California Cannabis Business [CCB] and Placerville Municipal Code [PMC] Section 5.28.040. We will stay current with such laws.

We will pay all taxes on time, prevent diversion with security and inventory control. We will provide ongoing education for our employees. We will use the best health and safety equipment and procedures. We will also ensure health and safety for our clients and local community.

Prevent Diversion – Manufacturing

We will track and control inventory of all products from raw materials acquisition to final packaged product. We have researched tracking, inventory and control systems and plan to use the Baker Point Of Sale [POS] system.

Start-Up Construction – Manufacturing Phase I

Construction and build-out is contingent on purchase of real estate, construction permits and licensing approval. Once those are in place, we will complete building improvements, install all electrical, LED lighting, solar, furniture, manufacturing equipment, computers, shelving, cabinets. Upon completion of start-up we will be completely ready to begin product sales. Please see start-up budget and timeline for details.



Business Plan - *Manufacturing* (Phase I) Cash Flow Year 1

PHASE I Mfg CASH FLOW Statement													
Year 1 - 2020													
	January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
1													
2													
3													
4	Beginning Cash Balance	\$6,300	\$41,100	\$75,900	\$90,700	\$105,500	\$120,300	\$125,100	\$129,900	\$134,700	\$139,500	\$144,300	1,380,000
5	Cash Inflows (Income):												0
6	Edibles Sales	60,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	1,200,000
7	Other:												0
8													0
9													0
10													0
11	Total Cash Inflows	\$60,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	1,200,000
12	Available Cash Balance	\$90,000	\$126,300	\$195,900	\$210,700	\$225,500	\$240,300	\$245,100	\$249,900	\$254,700	\$259,500	\$264,300	1,380,000
13	Cash Outflows (Expenses):												
14	Advertising	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12,000
15	Insurance	100	100	100	100	100	100	100	100	100	100	100	1,200
16	Interest												0
17	Cannabis Oil	17,150	17,150	17,150	17,150	17,150	17,150	17,150	17,150	17,150	17,150	17,150	205,800
18	Hardware Purchases	0	0	0	0	0	0	0	0	0	0	0	0
19	Maintenance & Repairs	300	300	300	300	300	300	300	300	300	300	300	3,600
20	Chocolate	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	126,000
21	Payroll	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	259,200
22	Payroll Expenses	50	50	50	50	50	50	50	50	50	50	50	600
23	Packaging	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	342,000
24	Professional Fees	200	200	200	200	200	200	200	200	200	200	200	2,400
25	Communications Equip.	200	200	200	200	200	200	200	200	200	200	200	2,400
26	Community Benefits												0
27	Office Supplies	100	100	100	100	100	100	100	100	100	100	100	1,200
28	Permits & Licenses	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
29	Utilities & Telephone	500	500	500	500	500	500	500	500	500	500	500	6,000
30	Travel	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
31	Taxes City - 2.5%	1,500	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	34,500
32	Other:												0
33													0
34													0
35													0
36	Subtotal	\$83,700	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	1,110,900
37	Other Cash Out Flows:												
38	Capital Purchases												0
39	Business Expansion												0
40	Loan Principal												0
41	Owner's Draw												0
42	Partner's Draw												0
43	Other:												0
44													0
45	Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
46	Total Cash Outflows	\$83,700	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$1,110,900
47	Ending Cash Balance	\$6,300	\$41,100	\$75,900	\$90,700	\$105,500	\$120,300	\$125,100	\$129,900	\$134,700	\$139,500	\$144,300	\$1,110,900
48													
49	Profit												\$4,800

Assumptions

- 1 Candy Bars
 - 2 Edibles
 - 3 Payroll
 - 4 Packaging
- 500 wrapped and boxed bars production per day with two people = 15,000 bars
 72g per day = 2,143g per month - 7 candy bars per g oil, \$8 per bar (\$8 per gram) = \$17143
 2 confectionists at \$20 per hour - 30 days a month, 12 hours a day x 1.5 SS, D, WC ...
 \$1,90 per bar x 15,000 bars, plus cardboard case boxes



Business Plan - *Manufacturing* (Phase I) Cash Flow Year 2

PHASE I Mfg CASH FLOW Statement													
Year 2 - 2021													
	January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
1													
2													
3													
4													
5	Beginning Cash Balance	\$153,900	\$158,700	\$163,500	\$168,300	\$173,100	\$177,900	\$182,700	\$187,500	\$192,300	\$197,100	\$201,900	\$1,440,000
6	Cash Inflows (Income):												0
7	Edibles Sales	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	0
8	Other:												0
9													0
10													0
11	Total Cash Inflows	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	1,440,000
12	Available Cash Balance	\$289,100	\$278,700	\$283,500	\$288,300	\$293,100	\$297,900	\$302,700	\$307,500	\$312,300	\$317,100	\$321,900	1,440,000
13	Cash Outflows (Expenses):												
14	Advertising	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12,000
15	Insurance	100	100	100	100	100	100	100	100	100	100	100	1,200
16	Interest	17,150	17,150	17,150	17,150	17,150	17,150	17,150	17,150	17,150	17,150	17,150	205,800
17	Garnabils Oil	0	0	0	0	0	0	0	0	0	0	0	0
18	Hardware Purchases	300	300	300	300	300	300	300	300	300	300	300	3,600
19	Maintenance & Repairs	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	126,000
20	Chocolate	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	259,200
21	Payroll	50	50	50	50	50	50	50	50	50	50	50	600
22	Payroll Expenses	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	342,000
23	Packaging	200	200	200	200	200	200	200	200	200	200	200	2,400
24	Professional Fees	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
25	Communications Equip.	100	100	100	100	100	100	100	100	100	100	100	1,200
26	Community Benefits	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
27	Office Supplies	500	500	500	500	500	500	500	500	500	500	500	6,000
28	Permits & Licenses	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
29	Utilities & Telephone	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
30	Travel	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
31	Taxes City - 2.5%												0
32	Other:												0
33													0
34													0
35													0
36	Subtotal	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	1,142,400
37	Other Cash Out Flows:												
38	Capital Purchases	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	0
39	Business Expansion	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	0
40	Loan Principal	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	0
41	Owner's Draw	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	0
42	Partner's Draw	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	0
43	Other:												0
44													0
45	Subtotal	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$0
46	Total Cash Outflows	\$115,200	\$115,200	\$115,200	\$115,200	\$115,200	\$115,200	\$115,200	\$115,200	\$115,200	\$115,200	\$115,200	\$1,142,400
47	Ending Cash Balance	\$153,900	\$158,700	\$163,500	\$168,300	\$173,100	\$177,900	\$182,700	\$187,500	\$192,300	\$197,100	\$201,900	\$206,700
48													
49	Profit	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800

Assumptions

- 1 Candy Bars 500 wrapped and boxed bars production per day with two people = 15,000 bars
- 2 Edibles 72g per day = 2,143g per month - 7 candy bars per g oil, \$8 per bar (\$8 per gram) = \$17,143
- 3 Payroll 2 confectionists at \$20 per hour - 30 days a month, 12 hours a day x 1.5 SS, D, WC, ...
- 4 Packaging \$1.90 per bar x 15,000 bars, plus cardboard case boxes



Business Plan - *Manufacturing* (Phase I) Cash Flow Year 3

PHASE I Mfg CASH FLOW Statement Year 3 - 2022

	January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
1													
2													
3													
4	Beginning Cash Balance	\$211,500	\$216,300	\$221,100	\$225,900	\$230,700	\$235,500	\$240,300	\$245,100	\$249,900	\$254,700	\$259,500	1,440,000
5	Cash inflows (income):												0
6	Edibles Sales	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	1,440,000
7	Other:												0
8													0
9													0
10													0
11	Total Cash Inflows	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	1,440,000
12	Available Cash Balance	\$326,700	\$331,500	\$336,300	\$341,100	\$345,900	\$350,700	\$355,500	\$360,300	\$365,100	\$374,700	\$379,500	2,400,000
13	Cash Outflows (Expenses):												0
14	Advertising	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12,000
15	Insurance	100	100	100	100	100	100	100	100	100	100	100	1,200
16	Interest	17,150	17,150	17,150	17,150	17,150	17,150	17,150	17,150	17,150	17,150	17,150	205,800
17	Gainable Oil	0	0	0	0	0	0	0	0	0	0	0	0
18	Hardware Purchases	300	300	300	300	300	300	300	300	300	300	300	3,600
19	Maintenance & Repairs	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	126,000
20	Chocolate	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	259,200
21	Payroll	50	50	50	50	50	50	50	50	50	50	50	600
22	Payroll Expenses	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	342,000
23	Packaging	200	200	200	200	200	200	200	200	200	200	200	2,400
24	Professional Fees	200	200	200	200	200	200	200	200	200	200	200	2,400
25	Communications Equip.	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
26	Community Benefits	100	100	100	100	100	100	100	100	100	100	100	1,200
27	Office Supplies	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
28	Permits & Licenses	500	500	500	500	500	500	500	500	500	500	500	6,000
29	Utilities & Telephone	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
30	Travel	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
31	Taxes City - 2.5%												0
32	Other:												0
33													0
34													0
35													0
36	Subtotal	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	\$95,200	1,142,400
37	Other Cash Out Flows:												0
38	Capital Purchases												0
39	Business Expansion	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
40	Loan Principal	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
41	Owner's Draw	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
42	Partner's Draw												0
43	Other:												0
44													0
45	Subtotal	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	240,000
46	Total Cash Outflows	\$115,200	\$115,200	\$115,200	\$115,200	\$115,200	\$115,200	\$115,200	\$115,200	\$115,200	\$115,200	\$115,200	1,382,400
47	Ending Cash Balance	\$211,500	\$216,300	\$221,100	\$225,900	\$230,700	\$235,500	\$240,300	\$245,100	\$249,900	\$254,700	\$259,500	1,440,000
48													0
49	Profit	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	57,600

Assumptions

- 1 Candy Bars 500 wrapped and boxed bars production per day with two people = 15,000 bars
- 2 Edibles 72g per day = 2,143g per month - 7 candy bars per g, \$8 per bar (\$8 per gram) = \$17,143
- 3 Payroll 2 confectionists at \$20 per hour - 30 days a month, 12 hours a day x 1.5 SS, D, WC ...
- 4 Packaging \$1.90 per bar x 15,000 bars, plus cardboard case boxes

Business Plan - *Manufacturing* (Phase II) Cash Flow Year 1

PHASE II Mfg CASH FLOW Statement Year 1 - 2021

	January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
1													
2													
3													
4													
5	Beginning Cash Balance	\$109,792	\$334,759	\$654,726	\$649,693	\$744,660	\$839,627	\$434,594	\$489,561	\$544,528	\$599,495	\$654,462	690,000
6	Cash Inflows (Income):												
7	Shatter Sales	30,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
8	Cartridge Sales	112,500	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	2,587,500
9	Edibles Sales	84,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	1,932,000
10	Other:												0
11													0
12													0
13	Total Cash Inflows	\$226,500	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	5,209,500
14	Available Cash Balance	\$326,500	\$787,759	\$1,007,726	\$1,102,693	\$1,197,660	\$1,292,627	\$887,594	\$942,561	\$997,528	\$1,052,495	\$1,107,462	
15	Cash Outflows (Expenses):												
16	Advertising	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
17	Merchant Service Charges	5,663	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	130,238
18	Insurance	500	500	500	500	500	500	500	500	500	500	500	6,000
19	Interest												0
20	Raw Material Purchases	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	900,000
21	Hardware Purchases	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	360,000
22	Maintenance & Repairs	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
23	Operating Supplies	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	144,000
24	Payroll	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	159,996
25	Payroll Expenses	50	50	50	50	50	50	50	50	50	50	50	600
26	Packaging	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	720,000
27	Professional Fees	200	200	200	200	200	200	200	200	200	200	200	2,400
28	Communications Equip.	200	200	200	200	200	200	200	200	200	200	200	2,400
29	Community Benefits												0
30	Office Supplies	100	100	100	100	100	100	100	100	100	100	100	1,200
31	Permits & Licenses	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
32	Utilities & Telephone	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000
33	Travel	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
34	Taxes City - 2.5%	5,663	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	130,238
35	Other:												0
36													0
37													0
38	Subtotal	\$216,708	\$228,033	\$228,033	\$228,033	\$228,033	\$728,033	\$268,033	\$268,033	\$268,033	\$268,033	\$268,033	3,425,071
39	Other Cash Out Flows:												
40	Capital Purchases												0
41	Business Expansion												5,000
42	Loan Principal												
43	Owner's Draw												
44	Partner's Draw												
45	Other:												0
46													0
47	Subtotal	\$0	\$5,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$5,000
48	Total Cash Outflows	\$216,708	\$233,033	\$358,033	\$358,033	\$358,033	\$858,033	\$398,033	\$398,033	\$398,033	\$398,033	\$398,033	\$3,430,071
49	Ending Cash Balance	\$109,792	\$334,759	\$654,726	\$649,693	\$744,660	\$839,627	\$434,594	\$489,561	\$544,528	\$599,495	\$654,462	
50													
51	Profit	\$9,792	\$224,967	\$219,967	\$94,967	\$94,967	(\$405,033)	\$54,967	\$54,967	\$54,967	\$54,967	\$54,967	

Assumptions

- 1 Manufacturing
- 2 Shatter Sales per month, \$109
- 3 Cartridge Sales per month, \$1150
- 4 Edibles Sales per month, \$168,000
- 5 Edibles 100g per day = 3,000g per month - 7 candy bars per g oil, \$8 per bar, 21,000 bars
- 6 Cartridge Hardware 15,000 cartridges = 500 a day x \$2
- 7 Raw Materials 25 pounds shake processed per day \$100lb
- 8 Payroll Manager at \$80K, 2 helpers at \$40K per year
- 9 C-12, ethanol, gloves, filters, glassware, disposables, charcoal
- 10 Packaging \$130 per bar x 2,100 bars, \$1 per cartridge x 15,000; Shatter \$0.50 x 6,000, plus cardboard case boxes

Business Plan - *Manufacturing* (Phase II) Cash Flow Year 2

Mfg PHASE II CASH FLOW Statement													
Year 2 - 2022													
	January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
4	Beginning Cash Balance	\$304,396	\$304,396	\$414,330	\$469,297	\$524,264	\$579,231	\$174,198	\$229,165	\$284,132	\$339,099	\$394,066	\$394,066
5	Cash Inflows (Income):												
6	Shatter Sales	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	720,000
7	Cartridge Sales	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	2,700,000
8	Edibles Sales	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	2,016,000
9	Other:												0
10													0
11													0
12													0
13	Total Cash Inflows	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000
14	Available Cash Balance	\$1,162,429	\$757,396	\$812,963	\$967,330	\$977,264	\$1,032,231	\$627,198	\$682,165	\$737,132	\$792,099	\$847,066	\$847,066
15	Cash Outflows (Expenses):												
16	Advertising	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
17	Merchant Service Charges	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	135,900
18	Insurance	500	500	500	500	500	500	500	500	500	500	500	6,000
19	Interest												0
20	Raw Material Purchases	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	900,000
21	Hardware Purchases	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	360,000
22	Maintenance & Repairs	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
23	Operating Supplies	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	144,000
24	Payroll	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	159,996
25	Payroll Expenses	50	50	50	50	50	50	50	50	50	50	50	600
26	Packaging	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	720,000
27	Professional Fees	200	200	200	200	200	200	200	200	200	200	200	2,400
28	Communications Equip.	200	200	200	200	200	200	200	200	200	200	200	2,400
29	Community Benefits	500,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	4,400,000
30	Office Supplies	100	100	100	100	100	100	100	100	100	100	100	1,200
31	Permits & Licenses	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
32	Utilities & Telephone	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000
33	Travel	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
34	Taxes City - 2.5%	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	135,900
35	Other:												0
36													0
37													0
38	Subtotal	\$728,033	\$266,033	\$266,033	\$266,033	\$266,033	\$266,033	\$266,033	\$266,033	\$266,033	\$266,033	\$266,033	\$266,033
39	Other Cash Out Flows:												
40	Capital Purchases												0
41	Business Expansion	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
42	Loan Principal												0
43	Owner's Draw	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	720,000
44	Partner's Draw	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	720,000
45	Other:												0
46													0
47	Subtotal	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$1,560,000
48	Total Cash Outflows	\$858,033	\$396,033	\$396,033	\$396,033	\$396,033	\$396,033	\$396,033	\$396,033	\$396,033	\$396,033	\$396,033	\$4,136,396
49	Ending Cash Balance	\$304,396	\$304,396	\$414,330	\$469,297	\$524,264	\$579,231	\$174,198	\$229,165	\$284,132	\$339,099	\$394,066	\$394,066
50													
51	Profit	(\$405,033)	\$54,967	\$54,967	\$54,967	\$54,967	(\$405,033)	\$54,967	\$54,967	\$54,967	\$54,967	\$54,967	\$54,967

Assumptions

1. Manufacturing
2. Manufacturer's Sales = 6,000g per month, \$10/g
3. Cartridge Sales = 15,000 per month, \$10/c
4. Edibles Sales = 1,000 per month, \$16/c
5. Edibles Sales = 1,000g per month - 7 candy bars per g oil, \$8 per bar, 21,000 bars
6. Cartridge Hardware = 500 a day x \$2
7. Raw Materials = 25 pounds shake processed per day, ... \$100/lb
8. Payroll = Manager at \$80K, 2 helpers at \$40K per year
9. Operating Supplies = CO2, ethanol, gloves, filters, glassware, disposables, charcoal, ...
10. Packaging = \$1.50 per bar x 2,100 bars, \$1 per cartridge x 15,000, Shatter \$0.50 x 6,000, plus cardboard case boxes.



Business Plan - *Manufacturing* (Phase II) Cash Flow Year 3

Mfg Phase II CASH FLOW Statement													
Year 3 - 2023													
	January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
1													
2													
3													
4	Beginning Cash Balance	\$44,000	\$98,967	\$153,934	\$208,901	\$263,868	\$318,835	\$373,802	\$428,769	\$483,736	\$538,703	\$593,670	\$720,000
5	Cash Inflows (Income):												
6	Shatter Sales	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	720,000
7	Cartridge Sales	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	2,700,000
8	Edbles Sales	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	2,016,000
9	Other:												0
10													0
11													0
12													0
13	Total Cash Inflows	\$463,000	\$463,000	\$463,000	\$463,000	\$463,000	\$463,000	\$463,000	\$463,000	\$463,000	\$463,000	\$463,000	\$5,436,000
14	Available Cash Balance	\$902,033	\$551,967	\$606,934	\$661,901	\$716,868	\$771,835	\$826,802	\$881,769	\$936,736	\$991,703	\$1,046,670	\$1,046,670
15	Cash Outflows (Expense):												
16	Advertising	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
17	Merchant Service Charges	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	135,900
18	Insurance	500	500	500	500	500	500	500	500	500	500	500	6,000
19	Interest												0
20	Raw Material Purchases	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	900,000
21	Hardware Purchases	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	360,000
22	Maintenance & Repairs	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
23	Overaling Supplies	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	144,000
24	Payroll Expenses	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	159,996
25	Payroll Expenses	50	50	50	50	50	50	50	50	50	50	50	600
26	Packaging	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	720,000
27	Professional Fees	200	200	200	200	200	200	200	200	200	200	200	2,400
28	Communications Equip.	200	200	200	200	200	200	200	200	200	200	200	2,400
29	Community Benefits	500,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	940,000
30	Office Supplies	100	100	100	100	100	100	100	100	100	100	100	1,200
31	Permits & Licenses	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
32	Utilities & Telephone	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000
33	Travel	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
34	Taxes City - 2.5%	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	11,325	135,900
35	Other:												0
36													0
37													0
38	Subtotal	\$728,033	\$266,033	\$266,033	\$266,033	\$266,033	\$266,033	\$266,033	\$266,033	\$266,033	\$266,033	\$266,033	3,676,396
39	Other Cash Out Flows:												
40	Capital Purchases												0
41	Business Expansion	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
42	Loan Principal												0
43	Owner's Draw	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	720,000
44	Partner's Draw	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	720,000
45	Other:												0
46													0
47	Subtotal	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	1,560,000
48	Total Cash Outflows	\$858,033	\$396,033	\$396,033	\$396,033	\$396,033	\$396,033	\$396,033	\$396,033	\$396,033	\$396,033	\$396,033	10,236,396
49	Ending Cash Balance	\$44,000	\$98,967	\$153,934	\$208,901	\$263,868	\$318,835	\$373,802	\$428,769	\$483,736	\$538,703	\$593,670	\$720,000
50													
51	Profit	(\$405,033)	\$54,967	\$54,967	\$54,967	\$54,967	\$54,967	\$54,967	\$54,967	\$54,967	\$54,967	\$54,967	\$54,967

Assumptions

- Manufacturing
- 200g per day of shatter = 6,000g per month, \$10/g
- Shatter Sales
- Cartridge Sales
- Edbles
- Cartridge Hardware
- Raw Materials
- 25 pounds shatter processed per day ... \$10/lb
- CO2 ethanol, gloves, filters, glassware, disposables, charcoal...
- Packaging
- \$1.50 per bar x 21,000 bars, \$1 per cartridge x 15,000, shatter \$0.50 x 6,000, plus cardboard case boxes



.....

Business Plan - *Retail Store*

Day to Day Operations - Retail

The following operations apply to product acquisition and sales. We will start with an initial store inspection confirming security systems, environmental control operational, and cleanliness. We will stock inventory and add products where applicable. All inventory will be entered into tracking system.

Daily operations will include greeting customers, answering questions, sales and cash reconciliation. Three times a day we will do secure money drops. We will help any special needs clients.

Maintain cleanliness and organization of store area daily.

Retail sales will be run by following Standard Operating Procedures [SOP's] and training. We will use best practices in high quality customer service and provide the best products available.

All operations will abide by State and Local laws.

Legal Compliance – Retail

We will be compliant with all local and State laws relevant to the cannabis industry. Locally, we will comply with California Cannabis Business [CCB] and Placerville Municipal Code [PMC] Section 5.28.040. We will stay current with such laws.

We will pay all taxes on time, prevent diversion with security and inventory control. We will provide ongoing education for our employees. We will use the best health and safety equipment and procedures. We will also ensure health and safety for our clients and local community.

Prevent Diversion – Retail

We will track and control inventory of all products from product acquisition to final sales. We have researched tracking, inventory and control systems and plan to use the Baker Point Of Sale [POS] system.

Start-Up Construction – Retail

Construction and build-out is contingent on purchase of real estate, construction permits and licensing approval. Once those are in place, we will complete building improvements, install all electrical, LED lighting, solar, furniture, computers, shelving, cabinets. Upon completion of start-up we will be completely ready to begin product sales. Please see start-up budget and timeline for details.



Business Plan - Retail Store Cash Flow Year 1

RETAIL Cash Flow Statement													
Year 1 - 2020													
	January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
1													
2													
3													
4													
5	Beginning Cash Balance	120,000	106,250	99,300	96,150	99,800	109,250	124,500	132,400	145,050	163,500	187,750	2,390,000
6	Cash Inflows (Income):												0
7	Retail Sales	90,000	110,000	130,000	150,000	170,000	190,000	210,000	250,000	270,000	290,000	300,000	0
8	Other:												0
9													0
10													0
11													0
12													0
13	Total Cash Inflows	90,000	110,000	130,000	150,000	170,000	190,000	210,000	250,000	270,000	290,000	300,000	2,390,000
14	Available Cash Balance	\$210,000	\$216,250	\$228,300	\$246,150	\$269,800	\$299,250	\$334,500	\$382,400	\$415,050	\$453,500	\$487,750	
15	Cash Outflows (Expenses):												
16	Advertising	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
17	Merchant Svs POS 2%	1,800	2,200	2,600	3,000	3,400	3,800	4,200	4,600	5,000	5,400	5,800	47,800
18	Insurance	200	200	200	200	200	200	200	200	200	200	200	2,400
19	Merchandise	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
20	Inventory Purchases	45,000	55,000	65,000	75,000	85,000	95,000	105,000	115,000	125,000	135,000	145,000	1,195,000
21	Maintenance & Repairs	200	200	200	200	200	200	200	200	200	200	200	2,400
22	Operating Supplies	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
23	Payroll	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	259,200
24	Payroll Expenses	50	50	50	50	50	50	50	50	50	50	50	600
25	Tracking Software	200	200	200	200	200	200	200	200	200	200	200	2,400
26	Professional Fees	200	200	200	200	200	200	200	200	200	200	200	2,400
27	Security	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	31,200
28	Rent	0	0	0	0	0	0	0	0	0	0	0	0
29	Office Supplies	300	300	300	300	300	300	300	300	300	300	300	3,600
30	Permits & Licenses	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
31	Utilities & Telephone	500	500	500	500	500	500	500	500	500	500	500	6,000
32	Taxes - City - 4%	3,600	4,400	5,200	6,000	6,800	7,600	8,400	9,200	10,000	10,800	11,600	95,600
33	Taxes State - 15%	13,800	16,500	19,500	22,500	25,500	28,500	31,500	34,500	37,500	40,500	43,500	358,500
34													5,000
35													0
36													0
37	Subtotal	\$103,750	\$117,950	\$132,150	\$146,350	\$160,550	\$174,750	\$188,950	\$203,150	\$217,350	\$231,550	\$245,750	2,180,100
38	Other Cash Out Flows:												
39	Capital Purchases												0
40	Business Expansion												0
41	Owner's Draw												60,000
42	Partners Dividend												0
43													60,000
44	Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$60,000
45	Total Cash Outflows	\$103,750	\$117,950	\$132,150	\$146,350	\$160,550	\$174,750	\$188,950	\$203,150	\$217,350	\$231,550	\$245,750	\$2,240,100
46	Ending Cash Balance	\$106,250	\$98,300	\$96,150	\$99,800	\$109,250	\$124,500	\$132,400	\$145,050	\$163,500	\$187,750	\$209,900	
47													
48	Net Income	(\$13,750)	(\$7,950)	(\$2,150)	\$3,650	\$9,450	\$15,250	\$1,050	\$12,650	\$18,450	\$24,250	\$22,150	

Assumptions

- 1
- 2
- 3 Retail Sales Average sale \$96 per client
- 4 Inventory 20 strains \$30K, edibles \$5K, concentrates \$5K
- 5 Payroll budtenders, retail sales, 12 hours a day, 7 days a week, \$20 an hour average over time
- 6
- 7



Business Plan - Retail Store Cash Flow Year 2

RETAIL Cash Flow Statement													
Year 2 - 2021													
	January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
1													
2													
3													
4													
5	Beginning Cash Balance	209,900	\$237,050	\$304,400	\$344,600	\$389,150	\$438,050	\$491,300	\$548,900	\$610,850	\$677,150	\$747,800	4,575,000
6	Cash Inflows (Income):												0
7	Retail Sales	300,000	315,000	330,000	345,000	360,000	375,000	405,000	420,000	435,000	450,000	450,000	0
8	Other:												0
9													0
10													0
11													0
12													0
13	Total Cash Inflows	\$300,000	\$315,000	\$330,000	\$345,000	\$360,000	\$375,000	\$405,000	\$420,000	\$435,000	\$450,000	\$450,000	120,000
14	Available Cash Balance	\$509,900	\$552,050	\$598,550	\$649,400	\$704,600	\$764,150	\$828,050	\$896,300	\$1,045,850	\$1,127,150	\$1,197,800	91,500
15	Cash Outflows (Expenses):												2,400
16	Advertising	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
17	Merchant Svcs POS 2%	6,000	6,300	6,600	6,900	7,200	7,500	7,800	8,100	8,400	8,700	9,000	91,500
18	Insurance	200	200	200	200	200	200	200	200	200	200	200	2,400
19	Merchandise	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
20	Inventory Purchases	150,000	157,500	165,000	172,500	180,000	187,500	195,000	202,500	210,000	217,500	225,000	2,287,500
21	Maintenance & Repairs	200	200	200	200	200	200	200	200	200	200	200	2,400
22	Operating Supplies	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
23	Payroll	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	259,200
24	Payroll Expenses	50	50	50	50	50	50	50	50	50	50	50	600
25	Tracking Software	200	200	200	200	200	200	200	200	200	200	200	2,400
26	Professional Fees	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	31,200
27	Security												0
28	Rent:	0	0	0	0	0	0	0	0	0	0	0	0
29	Office Supplies	300	300	300	300	300	300	300	300	300	300	300	3,600
30	Permits & Licenses	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
31	Utilities & Telephone	500	500	500	500	500	500	500	500	500	500	500	6,000
32	Taxes - City - 4%	12,000	12,600	13,200	13,800	14,400	15,000	15,600	16,200	16,800	17,400	18,000	183,000
33	Taxes State - 15%	45,000	47,250	49,500	51,750	54,000	56,250	58,500	60,750	63,000	65,250	67,500	686,250
34													0
35													0
36													0
37	Subtotal	\$252,850	\$263,500	\$274,150	\$284,800	\$295,450	\$306,100	\$316,750	\$327,400	\$338,050	\$348,700	\$359,350	3,726,450
38	Other Cash Out Flows:												0
39	Capital Purchases												0
40	Business Expansion												0
41	Owner's Draw	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
42	Partners Dividend												0
43													0
44	Subtotal	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
45	Total Cash Outflows	\$272,850	\$283,500	\$294,150	\$304,800	\$315,450	\$326,100	\$336,750	\$347,400	\$358,050	\$368,700	\$379,350	\$3,846,450
46	Ending Cash Balance	\$237,050	\$268,550	\$304,400	\$344,600	\$389,150	\$438,050	\$491,300	\$548,900	\$610,850	\$677,150	\$747,800	\$3,846,450
47													
48	Net Income	\$27,150	\$31,500	\$35,850	\$40,200	\$44,550	\$48,900	\$53,250	\$57,600	\$61,950	\$66,300	\$70,650	\$70,650
49													
50													

Assumptions

- 1
- 2
- 3 Retail Sales
- 4 Average sale \$96 per client
- 5 Inventory
- 6 20 strains \$30K, edibles \$5K, concentrates \$5K
- 7 budtenders, retail sales, 12 hours a day, 7 days a week, \$20 an hour average over time



Business Plan - Retail Store Cash Flow Year 3

RETAIL Cash Flow Statement													
Year 3 - 2022													
	January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
1	818,450	\$878,300	\$938,150	\$998,000	\$1,057,850	\$1,117,700	\$1,177,550	\$1,237,400	\$1,297,250	\$1,357,100	\$1,416,950	\$1,476,800	5,400,000
2	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	0
3													0
4													0
5													0
6													0
7													0
8													0
9													0
10													0
11													0
12													0
13	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	5,400,000
14	\$1,268,450	\$1,328,300	\$1,388,150	\$1,448,000	\$1,507,850	\$1,567,700	\$1,627,550	\$1,687,400	\$1,747,250	\$1,807,100	\$1,866,950	\$1,926,800	5,400,000
15													0
16	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
17	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	108,000
18	200	200	200	200	200	200	200	200	200	200	200	200	2,400
19	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
20	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	2,700,000
21	200	200	200	200	200	200	200	200	200	200	200	200	2,400
22	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
23	32,400	32,400	32,400	32,400	32,400	32,400	32,400	32,400	32,400	32,400	32,400	32,400	388,800
24	50	50	50	50	50	50	50	50	50	50	50	50	600
25	200	200	200	200	200	200	200	200	200	200	200	200	2,400
26	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	31,200
27													0
28													0
29	300	300	300	300	300	300	300	300	300	300	300	300	3,600
30	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
31	500	500	500	500	500	500	500	500	500	500	500	500	6,000
32	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	216,000
33	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	810,000
34													0
35													0
36													0
37	\$370,150	\$370,150	\$370,150	\$370,150	\$370,150	\$370,150	\$370,150	\$370,150	\$370,150	\$370,150	\$370,150	\$370,150	4,441,800
38													0
39													0
40	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
41	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
42													0
43													0
44	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$240,000
45	\$390,150	\$390,150	\$390,150	\$390,150	\$390,150	\$390,150	\$390,150	\$390,150	\$390,150	\$390,150	\$390,150	\$390,150	\$4,681,800
46	\$878,300	\$938,150	\$998,000	\$1,057,850	\$1,117,700	\$1,177,550	\$1,237,400	\$1,297,250	\$1,357,100	\$1,416,950	\$1,476,800	\$1,536,650	\$4,561,800
47													0
48	\$59,850	\$59,850	\$59,850	\$59,850	\$59,850	\$59,850	\$59,850	\$59,850	\$59,850	\$59,850	\$59,850	\$59,850	\$59,850

Assumptions

1	
2	
3	Average sale \$96 per client
4	20 strains \$30K, edibles \$5K, concentrates \$5K
5	butenders, retail sales, 12 hours a day, 7 days a week, \$20 an hour average overtime
6	
7	



.....

Business Plan - *Retail Delivery*

Day to Day Operations – Retail Delivery

The following operations apply to retail product delivery. We will start with a delivery service area inspection confirming security systems, environmental control operational, and cleanliness.

Start day with bringing delivery vehicles into the secure roll-up door area for security measures. Lock outside door and then restock inventory.

Daily operations will include a vehicle safety check, restock inventory, delivery, sales and cash reconciliation. Money drops will be done upon return to store for restocking. Dispatcher will receive delivery orders, dispatch drivers and track efficient delivery routes.

Maintain cleanliness and safe operation of vehicles daily.

Retail sales will be run by following Standard Operating Procedures [SOP's] and training. We will use best practices in high quality customer service and provide the best products available.

All operations will abide by State and Local laws. Vehicles will carry a maximum of \$5,000 of product wholesale value at any time.

Legal Compliance – Retail Delivery

We will be compliant with all local and State laws relevant to the cannabis industry. Locally, we will comply with California Cannabis Business [CCB] and Placerville Municipal Code [PMC] Section 5.28.040. We will stay current with such laws.

We will pay all taxes on time, prevent diversion with security and inventory control. We will always adhere to the Department of Transportation and CA DMV regulations. We will provide ongoing education for our employees. We will use the best health and safety equipment and procedures. We will also ensure health and safety for our clients and local community.

Prevent Diversion – Retail Delivery

We will track and control inventory of all products from product acquisition to final sales. We have researched tracking, inventory and control systems and plan to use the Baker Point Of Sale [POS] system.

Start-Up Construction – Retail Delivery

Construction and build-out is contingent on purchase of real estate, construction permits and licensing approval. Once those are in place, we will complete building improvements, install all electrical, LED lighting, solar, furniture, computers, shelving, cabinets. Upon completion of start-up we will be completely ready to begin product sales. Please see start-up budget and timeline for details.



Business Plan - *Retail Delivery* Cash Flow Year 1

CASH FLOW Statement													
Retail Delivery - Year 1 - 2020													
	January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
1													
2													
3													
4	Beginning Cash Balance	\$46,000	\$44,850	\$46,550	\$40,100	\$36,500	\$35,750	\$35,850	\$38,800	\$44,800	\$51,250	\$60,750	
5	Cash Inflows (Income):												
6	Delivery Retail Sales	90,000	100,000	110,000	120,000	130,000	140,000	150,000	170,000	180,000	190,000	200,000	1,740,000
7	Investment Income												0
8	Other:												0
9													0
10													0
11													0
12													0
13	Total Cash Inflows	\$90,000	\$100,000	\$110,000	\$120,000	\$130,000	\$140,000	\$150,000	\$170,000	\$180,000	\$190,000	\$200,000	1,740,000
14	Available Cash Balance	\$140,000	\$146,000	\$154,850	\$166,550	\$170,100	\$176,500	\$185,750	\$208,800	\$224,800	\$241,250	\$260,750	
15	Cash Outflows (Expenses):												
16	Advertising	4,000	4,000	4,000	6,000	6,000	6,000	8,000	8,000	10,000	10,000	10,000	84,000
17	Merchant Service Charges	2,250	2,750	3,000	3,250	3,500	3,750	4,000	4,250	4,500	4,750	5,000	43,500
18	Insurance	500	500	500	500	500	500	500	500	500	500	500	6,000
19	POS Tracking	200	200	200	200	200	200	200	200	200	200	200	2,400
20	Inventory Purchases	45,000	50,000	55,000	60,000	65,000	70,000	80,000	85,000	90,000	95,000	100,000	870,000
21	Vehicle Maint & Repairs	400	400	400	400	400	400	400	400	400	400	400	4,800
22	Operating Supplies	200	200	200	200	200	200	200	200	200	200	200	2,400
23	Payroll	18,000	18,000	18,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	297,000
24	Payroll Expenses	50	50	50	50	50	50	50	50	50	50	50	600
25	Professional Fees	200	200	200	200	200	200	200	200	200	200	200	2,400
26	Communication Tech. Exp.	200	200	200	200	200	200	200	200	200	200	200	2,400
27	Gas	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
28	Office Supplies	100	100	100	100	100	100	100	100	100	100	100	1,200
29	Permits & Licenses	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
30	Utilities & Telephone	200	200	200	200	200	200	200	200	200	200	200	2,400
31	Security	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	31,200
32	Taxes City - 4%	3,600	4,000	4,400	4,800	5,200	5,600	6,000	6,400	6,800	7,200	7,600	69,600
33	Tax State - 15%	13,500	15,000	16,500	18,000	19,500	21,000	22,500	24,000	25,500	27,000	28,500	300,000
34	Other:												0
35													0
36													0
37	Subtotal	\$94,000	\$101,150	\$108,300	\$126,450	\$133,600	\$140,750	\$149,900	\$164,200	\$173,350	\$180,500	\$187,650	1,716,900
38	Other Cash Out Flows:												
39	Capital Purchases												0
40	Loan Principal												0
41	Owner's Draw												0
42	Other:												0
43													0
44	Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
45	Total Cash Outflows	\$94,000	\$101,150	\$108,300	\$126,450	\$133,600	\$140,750	\$149,900	\$164,200	\$173,350	\$180,500	\$187,650	1,716,900
46	Ending Cash Balance	\$46,000	\$44,850	\$46,550	\$40,100	\$36,500	\$35,750	\$35,850	\$38,800	\$44,800	\$51,250	\$60,750	
47	Profit	(\$4,000)	(\$1,150)	\$1,700	(\$6,450)	(\$3,600)	(\$750)	\$100	\$2,950	\$6,800	\$9,500	\$12,350	
48													
49													
50													
51													

Assumptions

- 1
- 2
- 3 employees - one dispatch, one driver, \$20 an hour, 10 hours a day, 7 days a week x 1.5 for payroll
- 3 payroll
- 4
- 5 capital purchases
- 6
- 1 car per year - 3 years old, \$20,000



Business Plan - Retail Delivery Cash Flow Year 2

CASH FLOW Statement													
Retail Delivery - Year 2 - 2021													
	January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
1													
2													
3													
4	Beginning Cash Balance	73,100	\$48,300	\$66,350	\$87,250	\$111,000	\$137,600	\$167,050	\$189,350	\$251,600	\$282,000	\$312,400	
5	Cash Inflows (Income):												
6	Delivery Retail Sales	210,000	220,000	230,000	240,000	250,000	260,000	270,000	280,000	290,000	300,000	300,000	3,150,000
7	Investment Income												0
8	Other:												0
9													0
10													0
11													0
12													0
13	Total Cash Inflows	\$210,000	\$220,000	\$230,000	\$240,000	\$250,000	\$260,000	\$270,000	\$280,000	\$290,000	\$300,000	\$300,000	\$3,150,000
14	Available Cash Balance	\$283,100	\$268,300	\$296,350	\$327,250	\$361,000	\$397,600	\$437,050	\$479,350	\$551,600	\$582,000	\$612,400	
15	Cash Outflows (Expenses):												
16	Advertising	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
17	Merchant Service Charges	5,250	5,250	5,750	6,000	6,500	6,500	7,000	7,000	7,500	7,500	7,500	78,750
18	Insurance	500	500	500	500	500	500	500	500	500	500	500	7,500
19	POS Tracking	200	200	200	200	200	200	200	200	200	200	200	2,400
20	Inventory Purchases	105,000	110,000	115,000	120,000	125,000	130,000	135,000	140,000	145,000	150,000	150,000	1,575,000
21	Vehicle Maint & Repairs	400	400	400	400	400	400	400	400	400	400	400	5,800
22	Operating Supplies	200	200	200	200	200	200	200	200	200	200	200	2,400
23	Payroll	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	369,000
24	Payroll Expenses	50	50	50	50	50	50	50	50	50	50	50	600
25	Professional Fees	200	200	200	200	200	200	200	200	200	200	200	2,400
26	Communication Tech. Exp.	200	200	200	200	200	200	200	200	200	200	200	2,400
27	Gas	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	29,000
28	Office Supplies	100	100	100	100	100	100	100	100	100	100	100	1,200
29	Permits & Licenses	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
30	Utilities & Telephone	200	200	200	200	200	200	200	200	200	200	200	2,400
31	Security	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	31,200
32	Taxes City - 4%	8,400	8,800	9,200	9,600	10,000	10,400	10,800	11,200	11,600	12,000	12,000	126,000
33	Tax State - 15%	31,500	33,000	34,500	36,000	37,500	39,000	40,500	42,000	43,500	45,000	45,000	450,000
34	Other:												0
35													0
36													0
37	Subtotal	\$194,800	\$201,950	\$209,100	\$216,250	\$223,400	\$230,550	\$237,700	\$255,300	\$269,800	\$269,600	\$269,600	\$2,840,300
38	Other Cash Out Flows:												
39	Capital Purchases												
40	Loan Principal	40,000											40,000
41	Owner's Draw												
42	Other:												
43													
44	Subtotal	\$40,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$40,000
45	Total Cash Outflows	\$234,800	\$201,950	\$209,100	\$216,250	\$223,400	\$230,550	\$237,700	\$255,300	\$269,800	\$269,600	\$269,600	\$2,880,300
46	Ending Cash Balance	\$48,300	\$66,350	\$87,250	\$111,000	\$137,600	\$167,050	\$199,350	\$224,050	\$251,600	\$282,000	\$312,400	\$342,800
47													
48	Profit	(\$24,800)	\$16,050	\$20,900	\$23,750	\$26,600	\$29,450	\$32,300	\$24,700	\$27,550	\$30,400	\$30,400	\$30,400

Assumptions

- 1
- 2
- 3 employees - one dispatch, one driver, \$20 an hour, 10 hours a day, 7 days a week x 1.5 for payroll
- 4
- 5 capital purchases
- 6 1 car per year - 3 years old, \$20,000



Business Plan - Retail Delivery Cash Flow Year 3

CASH FLOW STATEMENT													
Retail Delivery - Year 3 - 2022													
	January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
1													
2													
3													
4	Beginning Cash Balance	\$342,800	\$333,200	\$363,600	\$394,000	\$424,400	\$485,200	\$515,600	\$546,000	\$576,400	\$606,800	\$637,200	3,600,000
5	Cash Inflows (Income):												0
6	Delivery Retail Sales	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	3,600,000
7	Investment Income												0
8	Other:												0
9													0
10													0
11													0
12													0
13	Total Cash Inflows	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$3,000,000
14	Available Cash Balance	\$642,800	\$633,200	\$663,600	\$694,000	\$724,400	\$785,200	\$815,600	\$846,000	\$876,400	\$906,800	\$937,200	\$9,000,000
15	Cash Outflows (Expenses):												120,000
16	Advertising	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
17	Merchant Service Charges	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	90,000
18	Insurance	750	750	750	750	750	750	750	750	750	750	750	9,000
19	POS Tracking	200	200	200	200	200	200	200	200	200	200	200	2,400
20	Inventory Purchases	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	1,800,000
21	Vehicle Maint & Repairs	600	600	600	600	600	600	600	600	600	600	600	7,200
22	Operating Supplies	200	200	200	200	200	200	200	200	200	200	200	2,400
23	Payroll Expenses	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	432,000
24	Professional Fees	200	200	200	200	200	200	200	200	200	200	200	2,400
25	Communication Tech, Eq.	200	200	200	200	200	200	200	200	200	200	200	2,400
26	Gas	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
27	Office Supplies	100	100	100	100	100	100	100	100	100	100	100	1,200
28	Permits & Licenses	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
29	Utilities & Telephone	200	200	200	200	200	200	200	200	200	200	200	2,400
30	Security	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	31,200
31	Taxes City - 4%	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	144,000
32	Tax State - 15%	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	540,000
33	Other:												0
34													0
35													0
36													0
37	Subtotal	\$269,600	\$269,600	\$269,600	\$269,600	\$269,600	\$269,600	\$269,600	\$269,600	\$269,600	\$269,600	\$269,600	\$3,235,200
38	Other Cash Out Flows:												40,000
39	Capital Purchases	40,000											40,000
40	Loan Principal												0
41	Owner's Draw												0
42	Other:												0
43													0
44	Subtotal	\$40,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$40,000
45	Total Cash Outflows	\$309,600	\$269,600	\$269,600	\$269,600	\$269,600	\$269,600	\$269,600	\$269,600	\$269,600	\$269,600	\$269,600	\$3,275,200
46	Ending Cash Balance	\$333,200	\$363,600	\$394,000	\$424,400	\$454,800	\$485,200	\$515,600	\$546,000	\$576,400	\$606,800	\$637,200	\$9,000,000
47													
48	Profit	(\$9,600)	\$30,400	\$30,400	\$30,400	\$30,400	\$30,400	\$30,400	\$30,400	\$30,400	\$30,400	\$30,400	\$30,400

Assumptions

- 1
- 2
- 3 payroll
- 3 employees - one dispatch, one driver, \$20 an hour, 10 hours a day, 7 days a week x 1.5 for payroll
- 5 capital purchases
- 1 car per year - 3 years old, \$20,000
- 6



.....

Business Plan - *Distribution*

Day to Day Operations – Distribution

The following operations apply to our cannabis industry distribution activities.

We will start with a quarantine and distribution area inspection confirming security systems, environmental control operational, and cleanliness.

Start day with a safety vehicle check. We then transport products from cultivation and manufacturing to our quarantined area to await certified laboratory sample pickup. Upon passing Certificate of Analysis [COA], batched products will be moved to manufacturing/packaging area. Once packaging is complete, all inventory will be entered into track and trace systems.

We will collect the cannabis cultivation tax from cultivators and manufacturers and provide them with an invoice receipt. All products from distribution will then be moved to retail for sales.

Upon sale to retail, we will collect appropriate excise taxes and provide retailer with invoice receipt.

We will electronically file sales and use tax and cannabis tax returns and pay the amount due to the California Department of Tax and Fee Administration [CDTFA].

Maintain cleanliness and safe operations of all work areas.

Distribution operations will be run by following Standard Operating Procedures [SOP's] and training. We will use best practices in high quality customer service and provide the best products available.

All operations will abide by State and Local laws.



.....

Business Plan - *Distribution*

Legal Compliance – Distribution

We will be compliant with all local and State laws relevant to the cannabis industry. Locally, we will comply with California Cannabis Business [CCB] and Placerville Municipal Code [PMC] Section 5.28.040. We will stay current with such laws.

We will pay all taxes on time, prevent diversion with security and inventory control. We will always adhere to the Department of Transportation and CA DMV regulations. We will provide ongoing education for our employees. We will use the best health and safety equipment and procedures. We will also ensure health and safety for our clients and local community.

Prevent Diversion – Distribution

We will track and control inventory of all products from product acquisition to final sales. We have researched tracking, inventory and control systems and plan to use the Baker Point Of Sale [POS] system.

Start-Up Construction – Distribution

Construction and build-out is contingent on purchase of real estate, construction permits and licensing approval. Once those are in place, we will complete building improvements, install all electrical, LED lighting, solar, furniture, computers, racking systems. Upon completion of start-up we will be completely ready to begin product distribution. Please see start-up budget and timeline for details.

*** We will be starting with self-distribution, therefore we will not be charging ourselves a percentage for the use of this license. Also, there is no profit or loss thus we do not need a 3 year proforma. In later phases we plan on implementing a larger distribution area with a larger tier license.**



Business Plan - Start Up Budget

2	RESERVE HOUSE	2019		
3				
4	Phase I Startup - Cult., Mfg., Retail, Dist.,	Start Date	End Date	BUDGET
5				
6	STARTUP EXPENSES			
7	Demolition	N/A		\$ -
8	Framing	July	July	\$ 7,000
9	Electrical	July	August	\$ 21,000
10	Plumbing	July	August	\$ 12,000
11	Sheetrock	August	August	\$ 6,500
12	Final - Trim, windows, doors, switch covers, etc...	September	September	\$ 25,000
13	Equipment Retail	September	October	\$ 22,500
14	Equipment Cultivation	October	October	\$ 50,000
15	Equipment Manufacturing - (owned other than kitchen)	October	October	\$ 32,000
16	Equipment Distribution	October	October	\$ 4,000
17	Labor (Jeremy and Scott working with contractor Jim Mault)	July	December	\$ 75,000
18	Contingency	July	December	\$ 30,000
19	CONSTRUCTION SUB-TOTAL			\$ 285,000
20				
21	permits, Licensing and Fees	May	July	\$ 12,000
22	Security	July	August	\$ 12,000
23	Signage	November	November	\$ 2,500
24	Software	November	November	\$ 500
25	Telephone, Internet Set-Up	July	August	\$ 500
26	Cultivation Start-Up and 3 Month Reserve	Jan. 2020	Mar. 2020	\$ 75,000
27	Manufacturing Start-Up and 3 Month Reserve	Jan. 2020	Mar. 2020	\$ 30,000
28	Retail Start-Up and 3 Month Reserve	Jan. 2020	Mar. 2020	\$ 120,000
29	Delivery Start-Up and 3 Month Reserve	Jan. 2020	Mar. 2020	\$ 50,000
30	Contingency	July	December	\$ 21,500
31	START-UP AFTER CONSTRUCTION SUB-TOTAL			\$ 324,000
32				
33				
34	START-UP TOTAL			\$ 609,000



.....
Proof of Capitol



04/28/2019

TIMOTHY LYNN GRIFFITH
6255 VELASCO AVE
DALLAS TX 75214

Account # ****-* 595
Questions: 1-800-435-4000

Here is the requested account balance information.

We're writing in response to a request for balance information on the account noted above.
On 04/28/2019 the total account value was in excess of \$300,000.00.

The following is Schwab's terms of withdrawal policy:

Charles Schwab doesn't restrict access to available funds and securities in the above-referenced account(s). An account holder or authorized agent can request withdrawals from an account on demand.

Please note: The balance is based on our records at the time this letter was written, and may include cash and securities. The value of the account is subject to change depending upon market conditions and/or activities in the account.

Please note: This letter is for informational purposes only and is not an official record of the account.

Thank you for choosing Schwab. We appreciate your business and look forward to serving you in the future. If you have any questions, please call us at +1 (800) 435-4000.





Proof of Capital

MDL: 29255864201903290001000.00001

February 28 to March 29, 2019

RAYMOND JAMES®

Linked Account Summary

Primary Account No. [REDACTED] Total Relationship Value \$469,931.74

Hunt Family
COLLEGEADVANTAGE
LANCE RUSSELL HUNT
F80 ELLA W HUNT
306 S. ELM ST
WAXAHACHIE TX 75165-3608063

JOHN MCKENZIE
RaymondJames & Associates, Inc.
420 THROCKMORTON ST. STE 830 | FT. WORTH, TX 76102 | (800) 311-4558 | (817) 871-4917
lazaruswealthmanagement.com | John.McKenzie@RaymondJames.com

Raymond James Client Services | 800-647-SERV (7378)
Monday - Friday 8 a.m. to 9 p.m. ET
Online Account Access | raymondjames.com/clientaccess

Activity

	This Statement	Year to Date
Beginning Balance	\$ 455,217.17	\$ 419,545.67
Deposits	\$ 3,600.00	\$ 9,720.64
Income	\$ 350.55	\$ 743.49
Withdrawals	\$ 0.00	\$ (1,914.78)
Expenses	\$ 0.00	\$ (1,854.77)
Change in Value	\$ 10,764.02	\$ 43,691.49
Ending Balance	\$ 469,931.74	\$ 469,931.74

Value Over Time

Asset Allocation Analysis

	Value	Percentage
US Equities	\$ 115,212.31	24.52%
Non-US Equities	\$ 68,555.16	14.59%
Fixed Income	\$ 218,600.54	46.52%
Real Estate & Tangibles	\$ -	-
Alternative Investments	\$ -	-
Non-classified	\$ 25,882.77	5.51%
Cash & Cash Alternatives*	\$ 41,680.96	8.87%

*Not all Cash & Cash Alternatives are liquid; \$10,499.94 is embedded in investment products.

Morningstar asset allocation information is as of 03/29/2019 (mutual funds & annuities) and 03/19/2019 (ETFs).

Linked Account Summary Page 1 of 44

* We also have regular cash flow coming in from our Sacramento micro license. This generates roughly \$50,000 per month profit.



Safety Plan

Sierra Security & Fire
P.O.Box 2498 Placerville, Ca 95667-2498
Office/ Fax (530) 644-3003
Consumer Affairs License Numbers ACO 5666 ACQ 4910
State Contractor's License Number: 801506 (C-10)

Dear Scott,

I am writing this letter in response to your request for a Fire Safety Consultation Letter for Appleseed, 560 Placerville Drive, Placerville CA, 95667.

I have listed the systems I feel are necessary to satisfy the City of Placerville's permit application requirements regarding Fire Prevention.

- 1) Install Fire Extinguishers at each Exit and in Break-room & Food Prep Area. According to Fire Marshall requirements.
- 2) Test the existing Emergency Exit Lights located above each exit, to insure they are in working order, and replace the batteries if older than 3 years.
- 3) Install "This Door to Remain Open During Business Hours" signs above each exit.
- 4) Design and install at each exit and the break-room a "Floor Plan / "Evacuation Map", showing the new floor plan, exits, and the quickest path to a central gathering area in case of an emergency.
- 5) Install Carbon and U.V. Filters to the existing HVAC System.
- 6) Maintain the current Fire & Burglar alarm system that meets NFPA 72 -2016 Standard with the California Amendments. Also Quarterly Inspections, keeping the batteries up to date and modifying the current system if any changes to the current layout of the building is made. When Changes are made then Plans must be approved by the Local AHJ (Authority Having Jurisdiction) before any work is done. If during the construction process if the system is disabled then the Fire Marshall may require that you do a "Fire Watch"
- 7) Add, Modify, or Install, any other additional equipment or procedures required by the "Local Authority Having Jurisdiction".

If you have any other questions or concerns, please give me a call at (530) 409-5219

Sincerely,

Brian Bunch

*** Evacuation plan is located in gray accordian folder**





**Microbusiness Facility
Security Plan**

Facility Address:

560 Placerville Drive
Placerville, CA 95667

Prepared By:

Ilan Frank | President & CEO
CPTED Practitioner
License # ACO 7496

Date:

4/8/2019

Crime Alert Security was founded in 1994 as a burglar alarm installation company with an emphasis on security consultation and education. Crime Alert Security is a UL listed installation company and has been working closely with the cannabis industry. Between management and staff, Crime Alert Security has over 100 years of experience in the security industry.

The information contained in this security plan is based on guidelines set forth by local and state ordinances. This plan is intended to assist in improving the overall level of security and procedures for above said facility. It is the sole responsibility of the owner/operator to ensure compliance.



Security Plan



Lic. #ACO7496

Table of Contents

Section 1: Physical Elements.....Page 1

- A. Location & Building Specifications
- B. Landscape & Natural Surveillance
- C. Facility Maps
- D. Outdoor Lighting
- E. Perimeter Security
- F. Staff/Vendor Entrance & Parking
- G. General Security Risks

Section 2: Electronic Security System.....Page 4

- A. Overview
- B. Motion Sensors/Doors
- C. Open/Close Reporting
- D. Controlled Access/Visitors
- E. VASS
- F. Security Audit, Maintenance and Testing
- G. Third Party Monitoring

Section 3: Compliance & Procedures..... Page 6

- A. Hours of Operation
- B. Security Related Opening & Closing Procedure
- C. Onsite Consumption Policy
- D. Secure Storage Area
- E. Client Admittance
- F. Loading Procedures
- G. Security Staff Procedures & Policies
- H. Money Handling & Limited Cash Operation
- I. Internal Theft Prevention
- J. Robbery & Prevention
- K. Managing Unwelcome Individuals
- L. Incident Management & Emergency Response
- M. Lock-down of Inventory
- N. Reporting & Investigation of an Incident
- O. Cooperating & Communicating with Law Enforcement
- P. Training Drills
- Q. Personnel Records
- R. Facility Maintenance

Section 4: On Site Physical Security Services.....Page 8

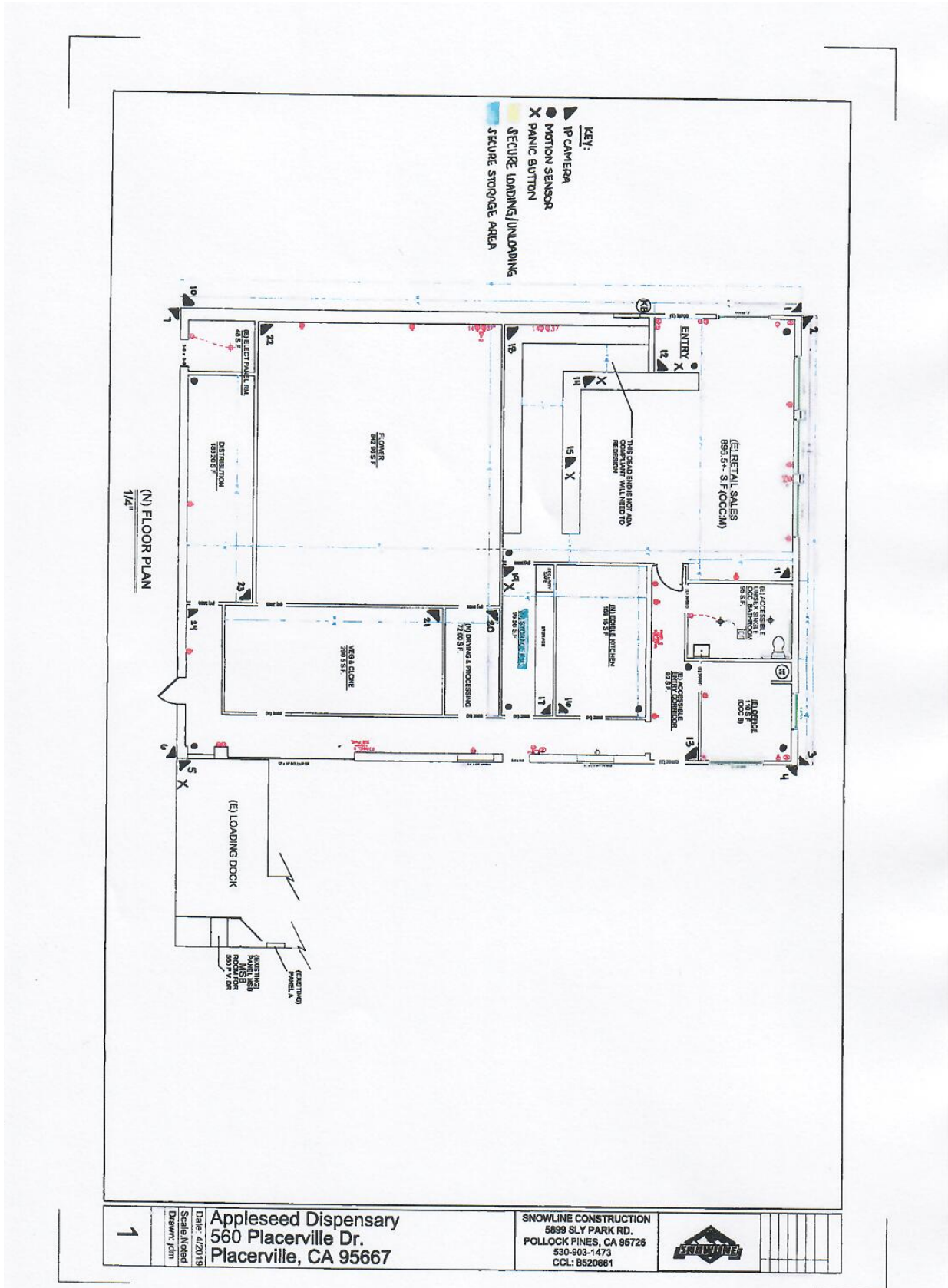
**Crime
Alert Security**

Lic. #ACO7496

C. Facility Maps –



Security Plan



1	Appleaseed Dispensary 560 Placerville Dr. Placerville, CA 95667	SNOWLINE CONSTRUCTION 5899 SLY PARK RD. POLLOCK PINES, CA 95726 530-903-1473 CCL: B520681	
	Date: 4/20/19 Scale: Noted Drawn: jgm		

Security Plan

Crime Alert Security

Lic. #ACO7496

D. Outdoor Lighting–

Exterior lighting shall be white light using LED lamps with full cutoff fixtures to limit glare and light trespass. Broken or damaged exterior lighting shall be repaired or replaced within 48 hours of being noted. Exterior lighting shall be shielded or otherwise designed to avoid spill-over illumination to adjacent streets and properties.

E. Perimeter Security–

Surrounding neighbors include Pro Builders Supplies, a building materials store, to the West and Placerville Food Co-op, a grocery store, located to the North. The Northwest side of the building is accessible from the parking lot and the access door is secured by a security guard.

F. Staff Entrance & Parking –

Staff members shall have access to parking on the East side of the building. Staff members utilize the entrance located on the Northeast side of the building and have a separate entrance than the one used by clients.

G. Client/Vendor Entrance & Parking –

Clients and vendors shall have access to parking on the West side of the building and shall utilize the main entrance located on the Northwest side of the building. Vendors will only be admitted to the facility by a qualified manager.

H. General Security Risks –

Due to the metal construction of this building, it is recommended to add bollards to the sides of the building and additional security to the rooftop to prevent any person(s) accessing the building through the rooftop.

Section 2: Electronic Security System

A. Overview –

This facility is equipped with a burglar alarm that is monitored by a UL listed central station. The alarm system communicates to central station using a primary cellular communicator and is equipped with a battery back-up with at least 24 hours of continued operation time in case of power failure. The alarm system includes silent Holdup Buttons at Point of Sale locations and safe(s) that can be used if there is an immediate threat. Placerville Police Department is the dispatch agency for Holdup Alarms. Manager will be able to respond to any alarm within one hour. All employees with access to the alarm system will be assigned individual alarm codes to arm/disarm the system. This facility maintains a log of when the alarm system is armed and disarmed. The log will be maintained for a minimum of 90 days.

B. Motion Sensors/Doors –

This facility is equipped with Infra-Red Motion Sensors to monitor movement in the facility when the alarm system is armed. All exterior pedestrian doors will be contacted and connected to the alarm system.

Security Plan

Crime Alert Security

Lic. #ACO7496

C. Open/Close Reporting –

The alarm system monitors all disarming and arming of the system. It is recommended to implement a supervised open/close reporting which provides a notification by the Central Station if the alarm system is armed or disarmed outside of normal hours.

D. Controlled Access/Visitors –

Visitors must be scheduled and documented in a visitor log; any unscheduled visitors will not be permitted access to the property. Manager is responsible for reasonably controlling the conduct of persons on the site and shall immediately disperse loiterers. Employees will wear issued ID Badges while at the facility. Unauthorized persons on the property will be reported to a qualified manager who will request private security if needed. If there is an immediate threat, manager will call 911.

E. Video Assessment and Surveillance System (VASS) –

This facility is equipped with a VASS. Cameras are recorded at a minimum of 2MP (2048x1536) resolution, 15 Frames Per Second, except where camera placement allows for lower resolution cameras to provide adequate coverage (pixel per foot ratio to be taken into consideration). Camera recordings are maintained for a minimum of 90 days. Camera recordings are kept on-site in a secured area only accessible to management. Camera system is maintained with a battery back-up with at least 1 hour of stand-by time in case of power failure. Camera system supports standard MPEG formats. Cameras are equipped with Infrared illuminators and/or low light capability. Camera system provides comprehensive coverage of the following areas:

1. Main entrance
2. Lobby
3. One camera dedicated to capture faces
4. Safes & storage areas
5. Sales room
6. Loading area
7. Any areas where cannabis is stored
8. Exterior and parking lot

It is also recommended to add additional covert SD cameras installed at the headend and keypad locations. This device will capture and log independently from the current recording solution any individual attempting to tamper with your alarm and/or recording device. Manager with access to the camera system can respond within 1 hour. Manager shall have the ability to transfer recorded data to another medium (e.g. DVD, thumb drive, etc.) Monitors displaying the employee parking area and property perimeter are mounted in a visible location near employee entrance so that employees may monitor outside environment prior to exiting the building.

F. Security Audit, Maintenance & Testing –

Manager will ensure that the alarm system is in working order by testing the system weekly as trained by the technician. Crime Alert Security offers surveillance monitoring which includes a weekly camera and hard drive check to ensure all cameras and hard drives are operational.



Security Plan



Lic. #ACO7496

- G. Third Party Monitoring –
This facility is monitored by a UL listed central station.

Section 3: Compliance & Procedures

- A. Hours of Operation –
This facility is open from 9:00am-9:00pm, 7 days a week.
- B. Security Related Opening & Closing Procedure –
A qualified manager will be the first person to enter/open the facility at the start of a business day.
A qualified manager will be the last person to leave/close the facility at the end of a business day.
- C. Onsite Consumption Policy –
No person shall be allowed to smoke, ingest, or otherwise consume cannabis in any form on, or within 20 feet of the site.
- D. Secure Storage Area –
This facility has a safe room that is secured and only accessible by a manager.
- E. Client Admittance –
Client enters the facility and must show identification card at the intake desk. A ratio of 1 client per 1 staff member shall be followed in the retail sales room to deter and prevent the theft of cannabis. A controlled line will begin outside along the side of the building if area exceeds this ratio.
- F. Loading Procedures –
When transport vehicle arrives at the facility, it will enter the loading dock located on the Southeast side of the building. Manager will verify that there is no unauthorized persons or vehicles in parking lot prior to opening door in front of loading area. Finished product for transport will remain in locked storage area until transport vehicle is pulled up to door and area is secure. Once transport vehicle is loaded, manager will verify that the parking lot is clear before vehicle exits the loading area.
- G. Security Staff Procedures & Policies –
For best practices, the manager should have a general briefing with the security guard(s) on duty at the beginning of his/her shift to inform of any scheduled appointments, as well as a debriefing at the end of each shift to go over the day.
- H. Money Handling & Limited Cash Operation –
Management will oversee all cash handling and conduct periodic cash drops from point of sale locations. Cash will be transported out of the facility by the security manager in a secured vehicle.



Security Plan



Lic. #ACO7496

- I. Internal Theft Prevention –
Strategies to prevent internal theft include: pre-employment background checks conducted by an accredited organization, annual background checks of existing employees, restricting the number of visitors at one time, employee movements will be monitored by video surveillance, and vendors performing work on site will be escorted by manager. It is also recommended that there is one designated manager or representative managing the security system with approval to handle codes and verbal passwords. All codes and passwords should be reset whenever personnel changes are made. Each employee should have their own individual code that is not to be shared with anyone.

- J. Robbery & Prevention –
Strategies to prevent robberies include: video surveillance infrastructure situated on the exterior of the facility, signage on each access point indicating the presence of a monitored security system, intrusion detection contacts on exterior and interior doors, motion sensors installed throughout the interior of the facility, and Hold Up alarms installed in the event a robbery occurs. Staff members are trained to utilize these alarms which will immediately dispatch the Placerville Police Department. If a robbery has occurred, the manager can review footage and transfer recorded data to another medium (e.g. DVD, thumb drive, etc.).

- K. Managing Unwelcome Individuals –
Unauthorized persons on the property will be reported to a qualified manager or guard. If there is an immediate threat, manager or guard will call 911.

- L. Incident Management & Emergency Response –
In the event of an injury, manager will immediately call 911. The injured person will not be moved until emergency response arrives and assesses the injury.

- M. Lock-down of Inventory –
One person will oversee all inventory procedures and will be recorded on a regular basis.

- N. Reporting & Investigation of an Incident –
Manager will immediately contact security guard company to report an incident.

- O. Cooperating & Communicating with Law Enforcement –
Manager will ensure there is an open line of communication between the facility and local law enforcement, immediately reporting all criminal activity to the Placerville Police Department.

- P. Training Drills –
This facility will conduct ongoing training required for best practices for safety of all employees and patrons. Fire drills, armed robbery and burglary discovery drills are examples of drills that may be conducted on the premises as part of comprehensive security training.



Security Plan



Lic. #ACO7496

Q. Personnel Records –

Personnel Records will be kept in locked area with access to managers and security guards only to comply with HIPAA and California Human Resource regulations.

R. Facility Maintenance –

No more than 33 percent of the square footage of the windows and clear doors shall be blocked by advertising, signs, shelves, or anything else. All advertising, signs, and shelving shall be placed and maintained in a manner that ensures that law enforcement personnel have a clear and unobstructed view of the interior of the premises from the exterior public sidewalk or entrance to the premises. All signs shall comply with the City Code. All litter will be removed from the site daily. All dumpsters onsite shall be kept locked and inside the building. Any graffiti painted or marked upon the premises or on any adjacent area under the control of the facility shall be removed or painted over with matching paint within 72 hours of being applied. No public pay phones/telephones shall be allowed on the premises. No coin operated games or video machines shall be allowed on the premises. Facility has a Knox Box installed for police access to the exterior areas of the property after hours.

Section 4: On Site Physical Security Services

A professional, licensed and insured private security company shall be the on-site security service at this facility. Two security guards will be securing the area during business hours. One guard will be stationed outside of the front door and the second stationed within the sales area. Managers and security guards shall each have a handheld radio while on duty to communicate all emergencies, verify how many clients are on premises and to request additional staff in certain areas if needed.



Community Benefits

Reserve House intends to reinvest a portion of their profits into the community via purchase and restoration of dilapidated housing as well as the construction of low-income housing. Our intention is to develop beautiful neighborhoods with parks that are safe for families to raise their children in safe environments. We see Placerville as a growing community for the future as the valley expands. Revitalizing residential and commercial buildings is a key component of revamping our small-town community.

We will contribute a portion of our profits to provide food to the El Dorado Food Bank as well as encourage our employees to volunteer during holiday seasons. We understand that there is not enough help for transients and would like to contribute to cleaning up our streets through financial contributions.

We also understand that addiction is a major problem in our society, with a direct correlation to crime and homelessness. We will proactively support organizations that mediate these problems.

We would also like to work hand in hand with the city to benefit our community in the future. Reserve House family looks forward to working with the city to move our community in a positive direction.

Air Quality Plan

The HVAC Systems for each room will be separate to ensure that there is no cross contamination within the rooms. Each room will be installed with a negative air movement system. The negative air movement system consists of a carbon filtration system connected to a fan pulling negative air as to eliminate air leakage from the entrances/exits to the building. We are currently using these systems in Sacramento and they have been proven effective to control odor. Filters will be replaced every 6 months to guarantee quality control.



**OPERATING AGREEMENT
FOR
JSCR MANAGEMENT LLC
A CALIFORNIA LIMITED LIABILITY COMPANY**



.....

Organizational Structure Document

**OPERATING AGREEMENT
FOR
JSCR MANAGEMENT LLC
A CALIFORNIA LIMITED LIABILITY COMPANY**

This Operating Agreement, is made effective as of April 15, 2019, by and among the parties listed on the signature pages hereof, with reference to the following facts:

- A.) On April 15, 2019 Articles of Organization for JSCR Management LLC (the "Company"), a limited liability company organized under the laws of the State of California, were filed with the California Secretary of State.
- B.) The parties desire to adopt and approve an operating agreement for the Company

NOW, THEREFORE, the parties by this Agreement set forth the operating agreement for the Company under the laws of the State of California upon the terms and subject to the conditions of this Agreement.

**ARTICLE I
DEFINITIONS**

When used in this Agreement, the following terms shall have the meanings set forth below (all terms used in this Agreement that are not defined in this Article I shall have the meanings set forth elsewhere in this Agreement):

- 1.1 "Act" shall mean the Revised Uniform Limited Liability Company Act, codified in the California Corporations Code, Section 17701.01 et seq., as the same may be amended from time to time.
- 1.2 "Affiliate" of a Member or Manager shall mean any Person, directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with a Member or Manager, as applicable. The term "control," as used in the immediately preceding sentence, shall mean with respect to a corporation or limited liability company the right to exercise, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the controlled corporation or limited liability company, and, with respect to any individual, partnership, trust, other entity or association, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled entity.
- 1.3 "Agreement" shall mean this Operating Agreement, as originally executed and as amended from time to time.
- 1.4 "Articles" shall mean the Articles of Organization for the Company originally filed with the California Secretary of State and as amended from time to time.





Organizational Structure Document

1.5 "Assignee" shall mean the owner of an Economic Interest who has not been admitted as a substitute Member in accordance with Article VII.

1.6 "Capital Account" shall mean with respect to any Member the capital account which the Company establishes and maintains for such Member pursuant to Section 3.3.

1.7 "Capital Contribution" shall mean the total amount of cash and fair market value of property contributed to the Company by Members.

1.8 "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, the provisions of succeeding law, and to the extent applicable, the Regulations.

1.9 "Company" shall mean JSCR Management LLC, a California limited liability

1.10 "Company Minimum Gain" shall have the meaning ascribed to the term "Partnership Minimum Gain" in the Regulations Section 1.704-2(d).

1.11 "Corporations Code" shall mean the California Corporations Code, as amended from time to time, and the provisions of succeeding law.

1.12 "Distributable Cash" shall mean the amount of cash which the Manager deem available for distribution to the Members, taking into account all debts, liabilities, and obligations of the Company then due, and working capital and other amounts which the Manager deem necessary for the Company's business or to place into reserves for customary and usual claims with respect to such business.

1.13 "Economic Interest" shall mean the right to receive distributions of the Company's assets and allocations of income, gain, loss, deduction, credit and similar items from the Company pursuant to this Agreement and the Act, but shall not include any other rights of a Member, including, without limitation, the right to vote or participate in the management of the Company, or except as provided in Section 17705.02 of the Corporations Code, any right to information concerning the business and affairs of the Company.

1.14 "Fiscal Year" shall mean the Company's fiscal year, which shall be the calendar

1.15 "Majority Interest" shall mean those Members who hold a majority of the Percentage Interests which all Members hold.

1.16 "Manager" shall mean the initial Manager, or any other successor as manager of the Company.

1.17 "Member" shall mean each Person or entity who (a) is an initial signatory to this Agreement, has been admitted to the Company as a Member in accordance with the Articles or this Agreement or is an Assignee who has become a Member in accordance with Article VII, and (b) has not become the subject of a Dissolution Event or ceased to be a Member



Organizational Structure Document

in accordance with Article VIII or for any other reason.

1.18 "Member Nonrecourse Debt" shall have the meaning ascribed to the term. "Partner Nonrecourse Debt" in Regulations Section 1.704-2(b)(4).

1.19 "Member Nonrecourse Deductions" shall mean items of Company loss, deduction, or Code Section 705(a)(2)(B) expenditures which are attributable to Member Nonrecourse Debt.

1.20 "Membership Interest" shall mean a Member's entire interest in the Company including the Member's Economic Interest, the right to vote on or participate in the management, and the right to receive information concerning the business and affairs, of the Company.

1.21 "Net Profits" and "Net Losses" shall mean the income, gain, loss and deductions of the Company in the aggregate or separately stated, as appropriate, determined in accordance with the method of accounting at the close of each Fiscal Year on the Company's information from the tax return filed for federal income tax purposes.

1.22 "Nonrecourse Liability" shall have the meaning set forth in Regulations Section

1.23 "Percentage Interest" shall mean the percentage of a Member set forth opposite the name of such Member under the column "Member's Percentage Interest" in Exhibit A hereto, as such percentage may be adjusted from time to time pursuant to the terms of this Agreement.

1.24 "Person" shall mean an individual, partnership, limited partnership, limited liability company, corporation, trust, estate, association or any other entity.

1.25 "Regulations" shall, unless the context clearly indicates otherwise, mean the regulations in force as final or temporary that have been issued by the U.S. Department of Treasury pursuant to its authority under the Code, and any successor regulations.

ARTICLE II ORGANIZATIONAL MATTERS

2.1 Formation. The Members have formed a California limited liability company under the laws of the State of California by filing the Articles with the California Secretary of State and entering into this Agreement, which Agreement shall be deemed effective as of the date first set forth above. The rights and liabilities of the Members shall be determined pursuant to the Act and this Agreement. To the extent that the rights or obligations of any Member are different by reason of any provision of this Agreement than they would be in the absence of such provision, this Agreement shall, to the extent permitted by the Act, control.

2.2 Name. The name of the Company shall be "JSCR Management LLC" The business of the Company may be conducted under that name or, upon compliance with applicable laws, any other name that the Manager deem appropriate or advisable. The Manager shall file any fictitious name certificates and similar filings, and any amendments thereto, that the





Organizational Structure Document

Manager consider appropriate or advisable.

2.3 Term. The term of this Agreement commenced on the filing of the Articles and shall continue until terminated as hereinafter provided.

2.4 Office and Agent. The Company shall continuously maintain an office and registered agent in the State of California. The principal domicile of the Company shall be 560 Placerville Dr., Placerville CA 95667, or as the Manager may determine. The Company may also have such offices, anywhere within and without the State of California, as the Manager may determine from time to time, or the business of the Company may require. The registered agent shall be as stated in the Articles or as otherwise determined by the Manager.

2.5 Addresses of the Members and the Manager. The respective addresses of the Members and the Manager are set forth on Exhibit A. A Member may change his or her address upon notice thereof to the Manager.

2.6 Purpose and Business of the Company. The purpose of the Company is to engage in any lawful activity for which a limited liability company may be organized under the Act.

ARTICLE III CAPITAL CONTRIBUTIONS

3.1 Initial Capital Contributions. Each Member shall contribute such amount as is set forth on Exhibit A as their initial Capital Contribution, which Exhibit A shall be revised to reflect any additional contributions made in accordance with Section 3.2.

3.2 Additional Capital Contributions. No Member shall be required to make any additional Capital Contributions. To the extent approved by the Manager, from time to time, the Members may be permitted to make additional Capital Contributions if and to the extent they so desire, and if the Manager determines that such additional Capital Contributions are necessary or appropriate for the conduct of the Company's business. Each Member shall receive a credit to his or her Capital Account in the amount of any additional capital which he or she contributes to the Company. The Percentage Interests may be equitably adjusted by reason of such additional contribution.

3.3 Capital Accounts. The Company shall establish and maintain an individual Capital Account for each Member in accordance with Regulations Section 1.704-1(b)(2)(iv). If a Member transfers all or a part of his or her Membership Interest in accordance with this Agreement, such Member's Capital Account attributable to the transferred Membership Interest shall carry over to the new owner of such Membership Interest pursuant to Regulations Section 1.704-1(b)(2)(iv)(1).

3.4 No Interest. No Member shall be entitled to receive any interest on his or her Capital Contributions.





Organizational Structure Document

3.5 Title to Assets. All real and personal property owned by the Company shall be owned by the Company as an entity and no Member shall have any ownership interest in such property in its individual name or right.

ARTICLE IV MEMBERS

4.1 Limited Liability. Except as expressly set forth in this Agreement or required by law, no Member shall be personally liable for any debt, obligation, or liability of the Company, whether that liability or obligation arises in contract, tort, or otherwise.

4.2 Admission of Additional Members. The Manager may admit to the Company additional Members. Any additional Members shall obtain Membership Interests and will participate in the management, Net Profits, Net Losses, and distributions of the Company on such terms as are determined by the Manager. Notwithstanding the foregoing, Assignees may only be admitted as substitute Members in accordance with Article VII.

4.3 Termination of Membership Interest. Upon (a) the transfer of a Member's Membership Interest in violation of Article VII, (b) the occurrence of a Dissolution Event as to such Member which does not result in the dissolution of the Company under Article IX, or (c) the withdrawal or resignation of a Member, the Membership Interest of a Member shall be terminated by the Manager and thereafter that Member shall be an Assignee only unless such Membership Interest shall be purchased by the Company and/or remaining Members as provided in Article VII. Each Member acknowledges and agrees that such termination or purchase of a Membership Interest upon the occurrence of any of the foregoing events is not unreasonable under the circumstances existing as of the date hereof.

4.4 Competing Activities. The Members and their officers, directors, shareholders, partners, members, Manager, agents, employees and affiliates may engage or invest in, independently or with others, any business activity of any type or description, including without limitation those that might be the same as or similar to the Company's business and that might be in direct or indirect competition with the Company. Neither the Company nor any Member shall have any right in or to such other ventures or activities or to the income or proceeds derived therefrom. The Members shall not be obligated to present any investment opportunity or prospective economic advantage to the Company, even if the opportunity is of the character that, if presented to the Company, could be taken by the Company. The Members shall have the right to hold any investment opportunity or prospective economic advantage for their own account or to recommend such opportunity to Persons other than the Company. Each Member acknowledges that the other Members and their Affiliates own and/or manage other businesses, including businesses that may compete with the Company and for the Members' time. Each Member hereby waives any and all rights and claims which they may otherwise have against the other Members and their officers, directors, shareholders, partners, members, Manager, agents, employees, and Affiliates as a result of any of such activities.

4.5 Transactions With The Company. Subject to any limitations set forth in this



Organizational Structure Document

Agreement and with the prior approval of the Manager, a Member may lend money to and transact other business with the Company. Subject to other applicable law, such Member has the same rights and obligations with respect thereto as a Person who is not a Member.

4.6 Remuneration To Members. Except as otherwise specifically provided in this Agreement or in a separate agreement approved by the Manager, no Member is entitled to remuneration for acting in the Company business.

4.7 Members Are Not Agents. Pursuant to Section 5.1 and the Articles, the management of the Company is vested in the Manager. The Members shall have no power to participate in the management of the Company except as expressly authorized by this Agreement or the Articles and except as expressly required by the Act. No Member, acting solely in the capacity of a Member, is an agent of the Company nor does any Member, unless expressly and duly authorized in writing to do so by a Manager, have any power or authority to bind or act on behalf of the Company in any way, to pledge its credit, to execute any instrument on its behalf or to render it liable for any purpose.

4.8 Voting Rights. Members shall have no voting, approval or consent rights. Members shall have the right to approve or disapprove matters as specifically stated in this Agreement.

ARTICLE V MANAGEMENT AND CONTROL OF THE COMPANY

5.1 Management of the Company Exclusively by Manager. The business, property and affairs of the Company shall be managed exclusively by the Manager. Except for situations in which the approval of the Members is expressly required by this Agreement, the Manager shall have full, complete and exclusive authority, power, and discretion to manage and control the business, property and affairs of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business, property and affairs.

5.2 Powers of Manager. Without limiting the generality of Section 5.1, but subject to the express limitations set forth elsewhere in this Agreement, the Manager shall have all necessary powers to manage and carry out the purposes, business, property, and affairs of the Company, including, without limitation, the power to exercise on behalf and in the name of the Company all of the powers described in Corporations Code Section 17704.07 including, without limitation, the power to:

(i) Acquire, purchase, renovate, improve, alter, rebuild, demolish, replace, and own real property and any other property or assets that the Manager determine is necessary or appropriate or in the interest of the business of the Company, and to acquire options for the purchase of any such property;

(ii) Sell, exchange, lease, or otherwise dispose of the real property and other

property and assets owned by the Company, or any part thereof, or any interest therein;

(iii) Borrow money from any party including the Manager and their Affiliates, issue evidences of indebtedness in connection therewith, refinance, increase the amount of, modify, amend, or change the terms of, or extend the time for the payment of any indebtedness or obligation of the Company, and secure such indebtedness by mortgage, deed of trust, pledge, security interest, or other lien on Company assets;

(iv) Guarantee the payment of money or the performance of any contract or obligation of any Person;

(v) Sue on, defend, or compromise any and all claims or liabilities in favor of or against the Company; submit any or all such claims or liabilities to arbitration; and confess a judgment against the Company in connection with any litigation in which the Company is involved; and

(vi) Retain legal counsel, auditors, and other professionals in connection with the Company business and to pay therefor such remuneration as the Manager may determine.

5.3 Performance of Duties; Liability of Manager. A Manager shall not be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member, unless the loss or damage shall have been the result of fraud, deceit, gross negligence, reckless or intentional misconduct, or a knowing violation of law by the Manager.

5.4 Devotion of Time. The Manager are not obligated to devote all of their time or business efforts to the affairs of the Company. The Manager shall devote whatever time, effort, and skill as they deem appropriate for the operation of the Company.

5.5 Limited Liability. No person who is a Manager shall be personally liable under any judgment of a court, or in any other manner, for any debt, obligation, or liability of the Company, whether that liability or obligation arises in contract, tort, or otherwise, solely by reason of being a Manager or officer or both a Manager and officer of the Company.

5.6 Membership Interests of Manager. Except as otherwise provided in this Agreement, Membership Interests held by the Manager as Members shall entitle each Manager to all the rights of a Member, including without limitation the economic, voting, information and inspection rights of a Member.



Organizational Structure Document

ARTICLE VI ALLOCATIONS OF NET PROFITS AND NET LOSSES AND DISTRIBUTIONS

6.1 Allocations of Net Profit and Net Loss.

A. Net Loss. Net Loss shall be allocated to the Members in proportion to their Percentage Interests.

Notwithstanding the previous sentence, loss allocations to a Member shall be made only to the extent that such loss allocations will not create a deficit Capital Account balance for that Member in excess of an amount, if any, equal to such Member's share of Company Minimum Gain. Any loss not allocated to a Member because of the foregoing provision shall be allocated to the other Members (to the extent the other Members are not limited in respect of the allocation of losses under this Section 6.1A). Any loss reallocated under this Section 6.1A shall be taken into account in computing subsequent allocations of income and losses pursuant to this Article VI, so that the net amount of any item so allocated and the income and losses allocated to each Member pursuant to this Article VI, to the extent possible, shall be equal to the net amount that would have been allocated to each such Member pursuant to this Article VI if no reallocation of losses had occurred under this Section 6.1A.

B. Net Profit. Net Profit shall be allocated to the Members in proportion to their Percentage Interests.

6.2 Special Allocations. Notwithstanding Section 6.1:

A. Minimum Gain Chargeback. If there is a net decrease in Company Minimum Gain during any Fiscal Year, each Member shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, in subsequent fiscal years) in an amount equal to the portion of such Member's share of the net decrease in Company Minimum Gain that is allocable to the disposition of Company property subject to a Nonrecourse Liability, which share of such net decrease shall be determined in accordance with Regulations Section 1.704-2(g)(2). Allocations pursuant to this Section 6.2A shall be made in proportion to the amounts required to be allocated to each Member under this Section 6.2A. the items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(f). This Section 6.2A is intended to comply with the minimum gain chargeback requirement contained in Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

B. Chargeback of Minimum Gain Attributable to Member Nonrecourse Debt. If there is a net decrease in Company Minimum Gain attributable to a Member Nonrecourse Debt, during any Fiscal Year, each member who has a share of the Company Minimum Gain attributable to such Member Nonrecourse Debt (which share shall be determined in accordance with Regulations Section 1.704-2(i)(5)) shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, in subsequent Fiscal Years) in an amount equal to that portion of such Member's share of the net decrease in Company Minimum Gain attributable to such Member Nonrecourse Debt that is allocable to the disposition of Company property subject to such Member Nonrecourse Debt (which share of such net decrease shall be determined in accordance with



Organizational Structure Document

Regulations Section 1.704-2(i)(5)). Allocations pursuant to this Section 6.2B shall be made in proportion to the amounts required to be allocated to each Member under this Section 6.2B. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(i)(4). This Section 6.2B is intended to comply with the minimum gain chargeback requirement contained in Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

C. Nonrecourse Deductions. Any nonrecourse deductions (as defined in Regulations Section 1.704-2(b)(1)) for any Fiscal Year or other period shall be specially allocated to the Members in proportion to their Percentage Interests.

D. Member Nonrecourse Deductions. Those items of Company loss, deduction, or Code Section 705(a)(2)(B) expenditures which are attributable to Member Nonrecourse Debt for any Fiscal Year or other period shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such items are attributable in accordance with Regulations Section 1.704-2(i).

E. Qualified Income Offset. If a Member unexpectedly receives any adjustments, allocations, or distributions described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), or any other event creates a deficit balance in such Member's Capital Account in excess of such Member's share of Company Minimum Gain, items of Company income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate such excess deficit balance as quickly as possible. Any special allocations of items of income and gain pursuant to this Section 6.2E shall be taken into account in computing subsequent allocations of income-and gain pursuant to this Article VI so that the net amount of any item so allocated and the income, gain, and losses allocated to each Member pursuant to this Article VI to the extent possible, shall be equal to the net amount that would have been allocated to each such Member pursuant to the provisions of this Section 6.2E if such unexpected adjustments, allocations, or distributions had not occurred.

6.3 Code Section 704(c) Allocations. Notwithstanding any other provision in this Article VI, in accordance with Code Section 704(c) and the Regulations promulgated thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its fair market value on the date of contribution. Allocations pursuant to this Section 6.3 are solely for purposes of federal, state and local taxes. As such, they shall not affect or in any way be taken into account in computing a Member's Capital Account or share of profits, losses, or other items of distributions pursuant to any provision of this Agreement.

6.4 Allocation of Net Profits and Losses and Distributions in Respect of a Transferred Interest. If any Economic Interest is transferred, or is increased or decreased by reason of the admission of a new Member or otherwise, during any Fiscal Year of the Company, Net Profit or Net Loss for such Fiscal Year shall be assigned pro rata to each day in the particular period of such Fiscal Year to which such item is attributable (i.e., the day on or during which it is accrued or otherwise incurred) and the amount of each such item so assigned to any such day shall be allocated to the Member or Assignee based upon his or her respective Economic Interest at the close of such day.



Organizational Structure Document

However, for the purpose of accounting convenience and simplicity, the Company shall treat a transfer of, or an increase or decrease in, an Economic Interest which occurs at any time during a semi-monthly period (commencing with the semi-monthly period including the date hereof) as having been consummated on the last day of such semi-monthly period, regardless of when during such semi-monthly period such transfer, increase, or decrease actually occurs (i.e., sales and dispositions made during the first fifteen (15) days of any month will be deemed to have been made on the 15th day of the month).

Notwithstanding any provision above to the contrary, gain or loss of the Company realized in connection with a sale or other disposition of any of the assets of the Company shall be allocated solely to the parties owning Economic Interests as of the date such sale or other disposition occurs.

6.5 Distributions of Distributable Cash by the Company. Subject to applicable law and any limitations contained elsewhere in this Agreement, the Manager may elect from time to time to distribute Distributable Cash to the Members, which distributions shall be in the following order of priority:

- (a) To the Members in proportion to their unreturned Capital Contributions until each Member has recovered 100% of his or her Capital Contributions; and
- (b) To the Members in proportion to their Percentage Interests.

All such distributions shall be made only to the Persons who, according to the books and records of the Company, are the holders of record of the Economic Interests in respect of which such distributions are made on the actual date of distribution. Subject to Section 6.7, neither the Company nor any Manager shall incur any liability for making distributions in accordance with this Section 6.5.

6.6 Form of Distribution. A Member, regardless of the nature of the Member's Capital Contribution, has no right to demand and receive any distribution from the Company in any form other than money. Except as provided in Section 9.4, no Member may be compelled to accept from the Company a distribution of any asset in kind in lieu of a proportionate distribution of money being made to other Members and no Member may be compelled to accept a distribution of any asset in kind.

6.7 Restriction on Distributions.

- A No distribution shall be made if, after giving effect to the distribution:
 - (i) The Company would not be able to pay its debts as they become due in the usual course of business; or
 - (ii) The Company's total assets would be less than the sum of its total liabilities plus, unless this Agreement provides otherwise, the amount that would be needed, if the Company were to be dissolved at the time of the distribution, to satisfy the preferential rights of other Members, if any, upon dissolution that are superior to the rights of the Member receiving the distribution.

- B. The Manager may base a determination that a distribution is not prohibited



Organizational Structure Document

on any of the following:

- (i) Financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances;
- (ii) A fair valuation; or
- (iii) Any other method that is reasonable in the circumstances.

Except as provided in Corporations Code Section 17704.05(c), the effect of a distribution is measured as of the date the distribution is authorized if the payment occurs within 120 days after the date of authorization, or the date payment is made if it occurs more than 120 days of the date of authorization.

C. A Member or Manager who votes for a distribution in violation of this Agreement or the Act is personally liable to the Company for the amount of the distribution that exceeds what could have been distributed without violating this Agreement or the Act if it is established that the Member or Manager did not act in compliance with Section 6.7 or Section 9.4. Any Member or Manager who is so liable shall be entitled to compel contribution from (i) each other Member or Manager who also is so liable and (ii) each Member for the amount the Member received with knowledge of facts indicating that the distribution was made in violation of this Agreement or the Act.

6.8 Return of Distributions. Members and Assignees who receive distributions made in violation of the Act or this Agreement shall return such distributions to the Company. Except for those distributions made in violation of the Act or this Agreement, no Member or Assignee shall be obligated to return any distribution to the Company or pay the amount of any distribution for the account of the Company or to any creditor of the Company. The amount of any distribution returned to the Company by a Member or Assignee or paid by a Member or Assignee for the account of the Company or to a creditor of the Company shall be added to the account or accounts from which it was subtracted when it was distributed to the Member or Assignee.

6.9 Obligations of Members to Report Allocations. The Members are aware of the income tax consequences of the allocations made by this Article VI and hereby agree to be bound by the provisions of this Article VI in reporting their shares of Company income and loss for income tax purposes.

ARTICLE VII TRANSFER AND ASSIGNMENT OF INTERESTS

7.1 Transfer and Assignment of Interests. No Member shall be entitled to transfer, assign, convey, sell, encumber or in any way alienate all or any part of his or her Membership Interest (collectively, "transfer") except with the prior written consent of the Manager who are Members, which consent may be given or withheld, conditioned or delayed (as allowed by this Agreement or the Act), as the Manager who are Members may determine in their sole discretion.



Organizational Structure Document

Transfers in violation of this Article VII shall only be effective to the extent set forth in Section 7.7. After the consummation of any transfer of any part of a Membership Interest, the Membership Interest so transferred shall continue to be subject to the terms and provisions of this Agreement and any further transfers shall be required to comply with all the terms and provisions of this Agreement.

7.2 Further Restrictions on Transfer of Interests. In addition to other restrictions found in this Agreement, no Member shall transfer, assign, convey, sell, encumber or in any way alienate all or any part of this or her Membership Interest: (i) without compliance with all federal and state securities law, and (ii) if the Membership Interest to be transferred, when added to the total of all other Membership Interests transferred in the preceding twelve (12) consecutive months prior thereto, would cause the tax termination of the Company under Code Section 708(b)(1)(B).

7.3 Substitution of Members. An Assignee of a Membership Interest shall have the right to become a substitute Member only if (i) the requirements of Sections 7.1 and 7.2 relating to consent of Manager who are Members, securities and tax requirements hereof are met, (ii) the Assignee executes an instrument satisfactory to the Manager accepting and adopting the terms and provisions of this Agreement, and (iii) the Assignee pays any reasonable expenses in connection with his or her admission as a new Member. The admission of an Assignee as a substitute Member shall not result in the release of the Member who assigned the Membership Interest from any liability that such Member may have to the Company.

7.4 Permitted Transfers. The Membership Interest of any Member may be transferred to any other Member, subject to compliance with Section 7.2, and without the prior written consent of the Manager. The Economic Interest of any Member may be transferred subject to compliance with Section 7.2, and without the prior written consent of the Members as required by Section 7.1, upon consent of the Manager, which shall not be unreasonably withheld, by the Member (i) by inter vivos gift or by testamentary transfer to any spouse, parent, sibling, in-law, child or grandchild of the Member, or to a trust for the benefit of the Member or such spouse, parent, sibling, in-law, child or grandchild of the Member, or (ii) to any Affiliate of the Member; it being agreed that, in executing this Agreement, each Member has consented to such transfers.

7.5 Effective Date of Permitted Transfers. Any permitted transfer of all or any portion of a Membership Interest or an Economic Interest shall be effective as of the date provided in Section 6.4 following the date upon which the requirements of Sections 7.1, 7.2 and 7.3 have been met. The Manager shall provide the Members with written notice of such transfer as promptly as possible after the requirements of Sections 7.1, 7.2 and 7.3 have been met. Any transferee of a Membership Interest shall take subject to the restrictions on transfer imposed by this Agreement.

7.6 Rights of Legal Representatives. If a Member who is an individual dies or is adjudged by a court of competent jurisdiction to be incompetent to manage the Member's person or property, the Member's executor, administrator, guardian, conservator, or other legal representative may exercise all of the Member's rights for the purpose of settling the Member's estate or administering the Member's property, including any power the Member has under the Articles or this Agreement to give an assignee the right to become a Member. If a Member is a corporation, trust, or other entity and is dissolved or terminated, the powers of that Member may be exercised by his or her legal representative or successor.



Organizational Structure Document

7.7 No Effect to Transfers in Violation of Agreement. Upon any transfer of a Membership Interest in violation of this Article VII, the transferee shall have no right to vote or participate in the management of the business, property and affairs of the Company or to exercise any rights of a Member. Such transferee shall only be entitled to become an Assignee and thereafter shall only receive the share of one or more of the Company's Net Profits, Net Losses and distributions of the Company's assets to which the transferor of such Economic Interest would otherwise be entitled. Notwithstanding the immediately preceding sentences, if, in the determination of the Manager, a transfer in violation of this Article VII would cause the tax termination of the Company under Code Section 708(b)(1)(B), the transfer shall be null, and void and the purported transferee shall not become either a Member or an Assignee.

Upon and contemporaneously with any transfer (whether arising out of an attempted charge upon that Member's Economic Interest by judicial process, a foreclosure by a creditor of the Member or otherwise) of a Member's Economic Interest which does not at the same time transfer the balance of the rights associated with the Membership Interest transferred by the Member (including, without limitation, the rights of the Member to vote or participate in the management of the business, property and affairs of the Company), the Company shall purchase from the Member, and the Member shall sell to Company for a purchase price of \$100, all remaining rights and interests retained by the Member that immediately before the transfer were associated with the transferred Economic Interest. Such purchase and sale shall not, however, result in the release of the Member from any liability to the Company as a Member.

Each Member acknowledges and agrees that the right of the Company to purchase such remaining rights and interests from a Member who transfers a Membership Interest in violation of this Article VII is not unreasonable under the circumstances existing as of the date hereof.

7.8 Right of First Refusal. Each time a Member proposes to transfer all or any part of his or her Membership Interest (or as required by operation of law or other involuntary transfer to do so), such Member shall first offer such Membership Interest to the Company and the non-transferring Members in accordance with the following provisions:

A. Such Member shall deliver a written notice ("Option Notice") to the Company and the other Members stating (i) such Member's bona fide intention to transfer such Membership Interest, (ii) the Membership Interest to be transferred, (iii) the purchase price and terms of payment for which the Member proposes to transfer such Membership Interest and (iv) the name and address of the proposed transferee.

B. Within thirty (30) days after receipt of the Option Notice, the Company shall have the right, but not the obligation, to elect to purchase all or any part of the Membership Interest upon the price and terms of payment designated in the Option Notice. If the Option Notice provides for the payment of non-cash consideration, the Company may elect to pay the consideration in cash equal to the good faith estimate of the present fair market value of the non-cash consideration offered as determined by the Manager. If the Company exercises such right within such thirty (30) day period, the Manager shall give written notice of that fact to the transferring and non-transferring Members.

C. If the Company fails to elect to purchase the entire Membership Interest proposed to be transferred within the thirty (30) day period described in Section. 7.9B, the non-transferring Members shall have the right, but not the obligation, to elect to purchase any





Organizational Structure Document

remaining share of such Membership Interest upon the price and terms of payment designated in the Option Notice. If the Option Notice provides for the payment of non-cash consideration, such purchasing Members each may elect to pay the consideration in cash equal to the good faith estimate of the present fair market value of the non-cash consideration offered as determined by the Manager. Within sixty (60) days after receipt of the Option Notice, each non-transferring Member shall notify the Manager in writing of his or her desire to purchase a portion of the Membership Interest proposed to be so transferred. The failure of any Member to submit a notice within the applicable period shall constitute an election on the part of that Member not to purchase any of the Membership Interest which may be so transferred. Each Member so electing to purchase shall be entitled to purchase a portion of such Membership Interest in the same proportion that the Percentage Interest of such Member bears to the aggregate of the Percentage Interests of all of the Members electing to so purchase the Membership Interest being transferred. In the event any Member elects to purchase none or less than all of his or her pro rata share of such Membership Interest, then the other Members can elect to purchase more than their pro rata share.

D. If the Company and the other Members elect to purchase or obtain any or all of the Membership Interest designated in the Option Notice, then the closing of such purchase shall occur within ninety (90) days after receipt of such notice and the transferring Member, the Company and/or the other Members shall execute such documents and instruments and make such deliveries as may be reasonably required to consummate such purchase.

E. If the Company and the other Members elect not to purchase or obtain, or default in their obligation to purchase or obtain, all of the Membership Interest designated in the Option Notice, then the transferring Member may transfer the portion of the Membership Interest described in the Option Notice not so purchased, providing such transfer (i) is completed within thirty (30) days after the expiration of the Company's and the other Members' right to purchase such Membership Interest, (ii) is made on terms no less favorable to the transferring Member than as designated in the Option Notice, and (iii) complies with Sections 7.1, 7.2 and 7.3 relating to consent of Manager who are Members, securities and tax requirements; it being acknowledged by the Members that compliance with Sections 7.7 and 7.8A-D does not modify any of the transfer restrictions in Article VII or otherwise entitle a Member to transfer his or her Membership Interest other than in the manner prescribed by Article VII. If such Membership Interest is not so transferred, the transferring Member must give notice in accordance with this Section prior to any other or subsequent transfer of such Membership Interest.

7.9 Transfers and Assignments of Manager' Interests. Notwithstanding Section 7.9, upon the transfer of the Membership Interest of a Manager, the remaining Manager shall have the first right, pro-rata as to their Membership Interests as Manager, to elect to exercise the right of first refusal set forth in Section 7.8 for a period of ten (10) days after receipt of the Option Notice described in Section 7.8A. Such exercise shall be made in writing to the Company. If any Manager fails to exercise his or her rights under this Section 7.9, the other remaining Manager may elect to purchase the balance pro rata. If the remaining Manager elect to purchase less than all of the transferor's Membership Interest, the portion of such Membership Interest not elected to be purchased shall be subject to purchase and sale in accordance with Section 7.8.



Organizational Structure Document

ARTICLE VIII ACCOUNTING, RECORDS, REPORTING BY MEMBERS

8.1 Books and Records. The books and records of the Company shall be kept, and the financial position and the results of its operations recorded, in accordance with the accounting methods followed for federal income tax purposes. The books and records of the Company shall reflect all the Company transactions and shall be appropriate and adequate for the Company's business. The Company shall maintain at its principal office in California all of the following:

A. A current list of the full name and last known business or residence address of each Member and Assignee set forth in alphabetical order, together with the Capital Contributions, Capital Account and Percentage Interest of each Member and Assignee;

B. A current list of the full name and business or residence address of each Manager;

C. A copy of the Articles and any and all amendments thereto together with executed copies of any powers of attorney pursuant to which the Articles or any amendments thereto have been executed;

D. Copies of the Company's federal, state, and local income tax or information returns and reports, if any, for the six (6) most recent taxable years;

E. A copy of this Agreement and any and all amendments thereto together with executed copies of any powers of attorney pursuant to which this Agreement or any amendments thereto have been executed;

F. Copies of the financial statements of the Company, if any, for the six (6) most recent Fiscal Years; and

G. The Company's books and records as they relate to the internal affairs of the Company for at least the current and past four (4) Fiscal Years.

8.2 Delivery to Members and Inspection.

A. Upon the request of any Member or Assignee for purposes reasonably related to the interest of that Person as a Member or Assignee, the Manager shall promptly deliver to the requesting Member or Assignee, at the expense of the Company, a copy of the information required to be maintained under Sections 8.1 A, B and D, and a copy of this Agreement.

B. Each Member, Manager and Assignee has the right, upon reasonable request for purposes reasonably related to the interest of the Person as Member, Manager or Assignee, to:



Organizational Structure Document

(i) inspect and copy during normal business hours any of the Company records described in Sections 8.1A through G; and

(ii) obtain from the Manager, promptly after their becoming available, a copy of the Company's federal, state, and local income tax or information returns for each Fiscal Year.

8.3 Financial and Other Information. The Manager shall provide such financial and other information relating to the Company or any other Person in which the Company owns, directly or indirectly, an equity interest, as a Member may reasonably request. The Manager shall distribute to the Members, promptly after the preparation or receipt thereof by the Manager, any financial or other information relating to any Person in which the Company owns, directly or indirectly, an equity interest, including any filings by such Person under the Securities Exchange Act of 1934, as amended, that is received by the Company with respect to any equity interest of the Company in such Person.

8.4 Filings. The Manager, at Company expense, shall cause the income tax returns for the Company to be prepared and timely filed with the appropriate authorities. The Manager, at Company expense, shall also cause to be prepared and timely filed, with appropriate federal and state regulatory and administrative bodies, amendments to, or restatements of, the Articles and all reports required to be filed by the Company with those entities under the Act or other then current applicable laws, rules, and regulations. If a Manager required by the Act to execute or file any document fails, after demand, to do so within a reasonable period of time or refuses to do so, any other Manager or Member may prepare, execute and file that document with the California Secretary of State.

8.5 Accounting Decisions and Reliance on Others. All decisions as to accounting matters, except as otherwise specifically set forth herein, shall be made by the Manager. The Manager may rely upon the advice of their accountants whether such decisions are in accordance with accounting methods followed for federal income tax purposes.

8.6 Tax Matters for the Company Handled by Manager and Tax Matters Partner. The Manager shall from time to time cause the Company to make such tax elections as they deem to be in the best interests of the Company and the Members. The Tax Matters Partner shall represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by tax authorities, including resulting judicial and administrative proceedings, and shall expend the Company funds for professional services and costs associated therewith. The Tax Matters Partner shall oversee the Company tax affairs in the overall best interests of the Company. If for any reason the Tax Matters Partner can no longer serve in that capacity or ceases to be a Member or Manager, as the case may be, a Majority Interest may designate another to be Tax Matters Partner.

ARTICLE IX DISSOLUTION AND WINDING UP

9.1 Dissolution. The Company shall be dissolved, its assets shall be disposed of, and its affairs wound up on the first to occur of the following:

A. The happening of any event of dissolution specified in the Articles;



Organizational Structure Document

B. The payment of a debt or liability, whether the whereabouts of the creditor is known or unknown, has been adequately provided for if the payment has been provided for by either of the following means:

(i) Payment thereof has been assumed or guaranteed in good faith by one or more financially responsible persons or by the United States government or any agency thereof, and the provision, including the financial responsibility of the Person, was determined in good faith and with reasonable care by the Members or Manager to be adequate at the time of any distribution of the assets pursuant to this Section.

(ii) The amount of the debt or liability has been deposited as provided in Section 2008 of the Corporations Code.

This Section 9.5B shall not prescribe the exclusive means of making adequate provision for debts and liabilities.

9.6 Limitations on Payments Made in Dissolution. Except as otherwise specifically provided in this Agreement, each Member shall only be entitled to look solely at the assets of the Company for the return of his or her positive Capital Account balance and shall have no recourse for his or her Capital Contribution and/or share of Net Profits (upon dissolution or otherwise) against the Manager or any other Member.

9.7 Certificate of Cancellation. The Manager or Members who filed the Certificate of Dissolution shall cause to be filed in the office of; and on a form prescribed by, the California Secretary of State, a Certificate of Cancellation of the Articles upon the completion of the winding up of the affairs of the Company.

9.8 No Action for Dissolution. Except as expressly permitted in this Agreement, a Member shall not take any voluntary action that directly causes a Dissolution Event. The Members acknowledge that irreparable damage would be done to the goodwill and reputation of the Company if any Member should bring an action in court to dissolve the Company under circumstances where dissolution is not required by Section 9.1. This Agreement has been drawn carefully to provide fair treatment of all parties and equitable payment in liquidation of the Economic Interests. Accordingly, except where the Manager have failed to liquidate the Company as required by this Article IX, each Member hereby waives and renounces his or her right to initiate legal action to seek the appointment of a receiver or trustee to liquidate the Company or to seek a decree of judicial dissolution of the Company on the ground that (a) it is not reasonably practicable to carry on the business of the Company in conformity with the Articles or this Agreement, or (b) dissolution is reasonably necessary for the protection of the rights or interests of the complaining Member. Damages for breach of this Section 9.8 shall be monetary damages only (and not specific performance), and the damages may be offset against distributions by the Company to which such Member would otherwise be entitled.

ARTICLE X MISCELLANEOUS

10.1 Complete Agreement. This Agreement and the Articles constitute the complete and exclusive statement of agreement among the Members and Manager with respect to the subject matter herein and therein and replace and supersede all prior written and oral agreements or statements by and among the Members and Manager or any of them. No representation, statement, condition or Warranty not contained in this Agreement or the Articles will be binding on the Members or Manager or have any force or effect whatsoever. To the extent that any provision of the Articles conflict with any provision of this Agreement, the Articles shall control.

10.2 Binding Effect. Subject to the provisions of this Agreement relating to transferability, this Agreement will be binding upon and inure to the benefit of the Members, and their respective successors and assigns.

10.3 Parties in Interest. Except as expressly provided in the Act, nothing in this Agreement shall confer any rights or remedies under or by reason of this Agreement on any Persons other than the Members and Manager and their respective successors and assigns nor shall anything in this Agreement relieve or discharge the obligation or liability of any third person to any party to this Agreement, nor shall any provision give any third person any right of subrogation or action over or against any party to this Agreement.

10.4 Headings. All headings herein are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provision of this Agreement.

10.5 Interpretation. In the event any claim is made by any Member relating to any conflict, omission or ambiguity in this Agreement, no presumption or burden of proof or persuasion shall be implied by virtue of the fact that this Agreement was prepared by or at the request of a particular Member or his or her counsel.

10.6 References to this Agreement. Numbered or lettered articles, sections and subsections herein contained refer to articles, sections and subsections of this Agreement unless otherwise expressly stated.

10.7 Arbitration. Except as otherwise provided in this Agreement, any controversy between the parties arising out of this Agreement shall be submitted to the American Arbitration Association for arbitration in Sacramento, California. The costs of the arbitration, including any American Arbitration Association administration fee, the arbitrator's fee, and costs for the use of facilities during the hearings, shall be borne equally by the parties to the arbitration. Attorneys' fees may be awarded to the prevailing or most prevailing party at the discretion of the arbitrator. The provisions of Sections 1282.6, 1283, and 1283.05 of the California Code of Civil Procedure apply to the arbitration. The arbitrator shall not have any power to alter, amend, modify or change any of the terms of this Agreement nor to grant any remedy which is either prohibited by the terms of this Agreement, or not available in a court of law.

10.8 Severability. If any provision of this Agreement or the application of such provision to any person or circumstance shall be held invalid, the remainder of this Agreement or the application of such provision to persons or circumstances other than those to which it is held invalid



Organizational Structure Document

shall not be affected thereby.

10.9 Additional Documents and Acts. Each Member agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions, and conditions of this Agreement and the transactions contemplated hereby.

10.10 Notices. Any notice to be given or to be served upon the Company or any party hereto in connection with this Agreement must be in writing (which may include facsimile) and will be deemed to have been given and received when delivered to the address specified by the party to receive the notice. Such notices will be given to a Member or Manager at the address specified in Exhibit A hereto. Any party may, at any time by giving five (5) days' prior written notice to the other parties, designate any other address in substitution of the foregoing address to which such notice will be given.

10.11 Amendments. All amendments to this Agreement will be in writing and signed by all of the Members.

10.12 Attorney Fees. In the event that any dispute between the Company and the Members or among the Members should result in litigation or arbitration, the prevailing party in such dispute shall be entitled to recover from the other party all reasonable fees, costs and expenses of enforcing any right of the prevailing party, including without limitation, reasonable attorneys' fees and expenses, all of which shall be deemed to have accrued upon the commencement of such action and shall be paid whether or not such action is prosecuted to judgment. Any judgment or order entered in such action shall contain a specific provision providing for the recovery of attorney fees and costs incurred in enforcing such judgment and an award of prejudgment interest from the date of the breach at the maximum rate of interest allowed by law. For the purposes of this Section: (a) attorney fees shall include, without limitation, fees incurred in the following: (1) post judgment motions; (2) contempt proceedings; (3) garnishment, levy, and debtor and third party examinations; (4) discovery; and (5) bankruptcy litigation and (b) prevailing party shall mean the party who is determined in the proceeding to have prevailed or who prevails by dismissal, default or otherwise.

10.13 Remedies Cumulative. The remedies under this Agreement are cumulative and shall not exclude any other remedies to which any person may be lawfully entitled.

All of the Members of JSCR Management LLC, a California limited liability company, have executed this Agreement, effective as of the date written above.

Jeremy Dlabaj, Manager

(Member Signature Page to follow)



Organizational Structure Document

EXHIBIT A

CAPITAL CONTRIBUTION OF MEMBERS AND ADDRESSES OF MEMBERS

<u>Member' Name</u>	<u>Member's Address</u>	<u>Contribution</u>	<u>Percentage Interest</u>
Jeremy Dlabaj	3958 Valley Vista Dr. Camino, CA 95709	\$304,500	50%
Scott Martin	6294 Log Cabin Lane, Placerville CA 95667	\$304,500	50%
Total		\$609,000	100%

The above represents a total capital contribution of \$609,000.00

Member signature of acceptance;

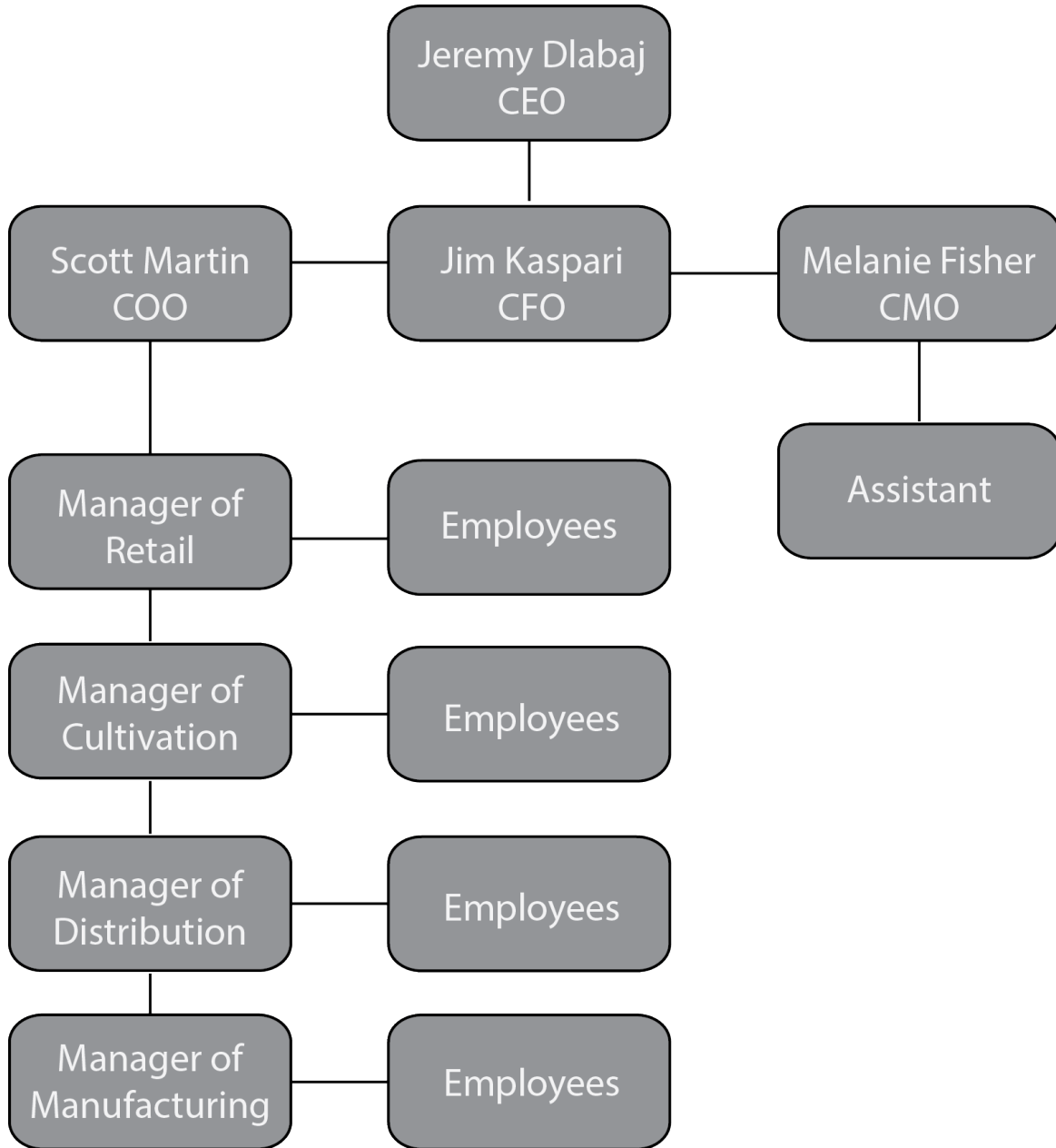


Jeremy Dlabaj, Member




Scott Martin, Member

Organizational Flow Chart



Vicinity Plan


	SNOWLINE CONSTRUCTION 5899 SLY PARK RD. POLLOCK PINES, CA 95726 CCL: B520681	The Reserve House Dispensary 560 Placerville Dr. Placerville, CA 95667	Date: 4/2019 Scale: NTS Drawn: Jim Mault	SP2
	560 Placerville Dr.			



8/3/2024 1:44:10pm [Google Earth] - 560 Placerville Dr, Placerville, CA 95667

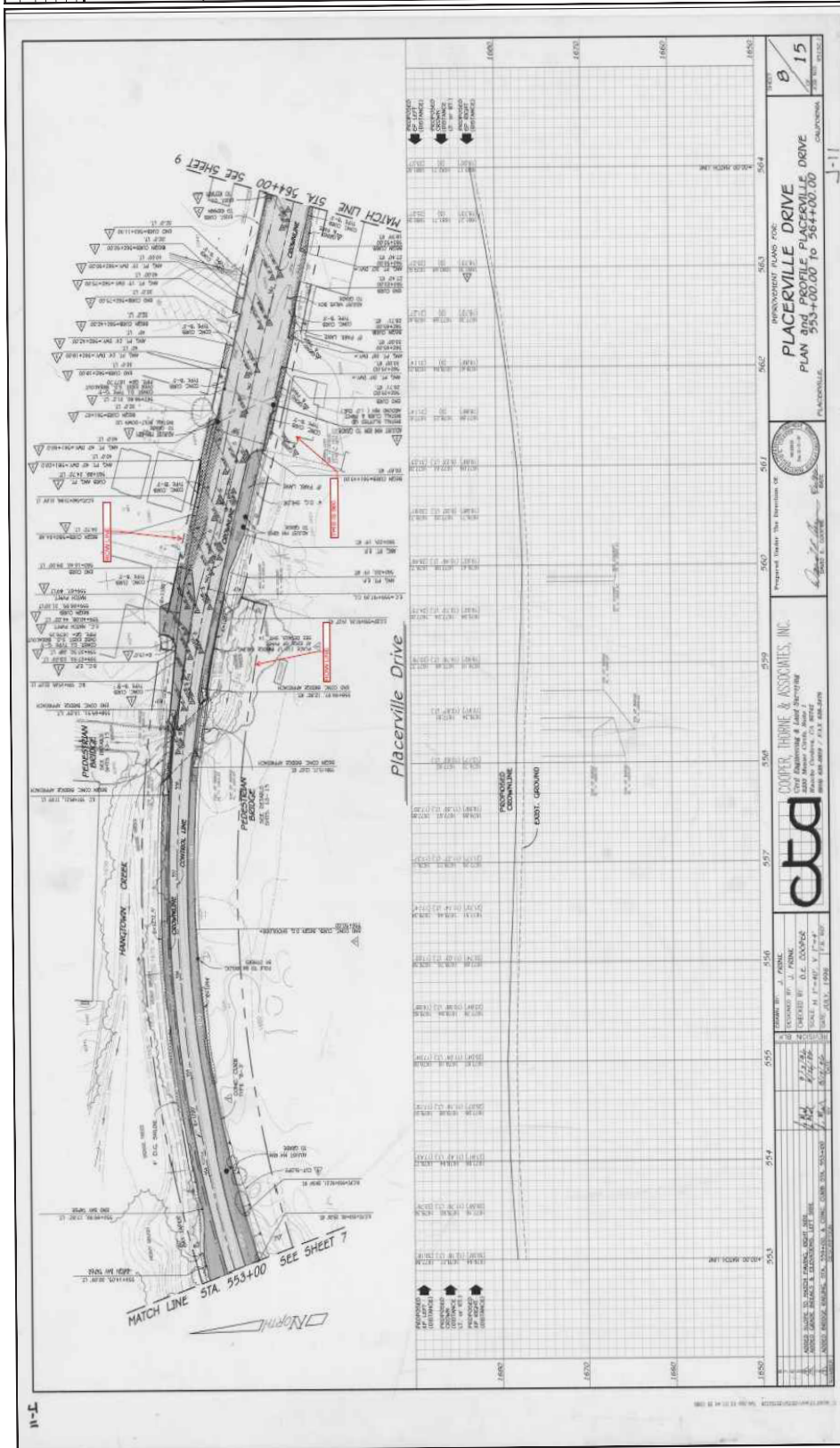


Grading Plan


 SNOWLINE CONSTRUCTION
 5899 SLY PARK RD
 POLLOCK PINES, CA 95726
 CCL: B520661

The Reserve House Dispensary
 560 Placerville Dr.
 Placerville, CA 95667

Date: 4/20/19
 Scale: NTS
 Drawn:
 Jim Mault
SP3



PROJECT: PLACERVILLE DRIVE
 PLAN: 953+00.00 TO 564+00.00
 SHEET: 8 OF 15

PREPARED FOR: THE BOARD OF SUPERVISORS
 COUNTY OF BUTTE, CALIFORNIA

PREPARED BY: COOPER, THORNE & ASSOCIATES, INC.
 Civil Engineers & Land Surveyors
 1000 S. 10th Street, Suite 100
 Placerville, CA 95667
 Phone: (209) 261-1100
 Fax: (209) 261-1101

DATE: 4/20/19

CHECKED BY: J. J. JONES
 DATE: 4/22/19

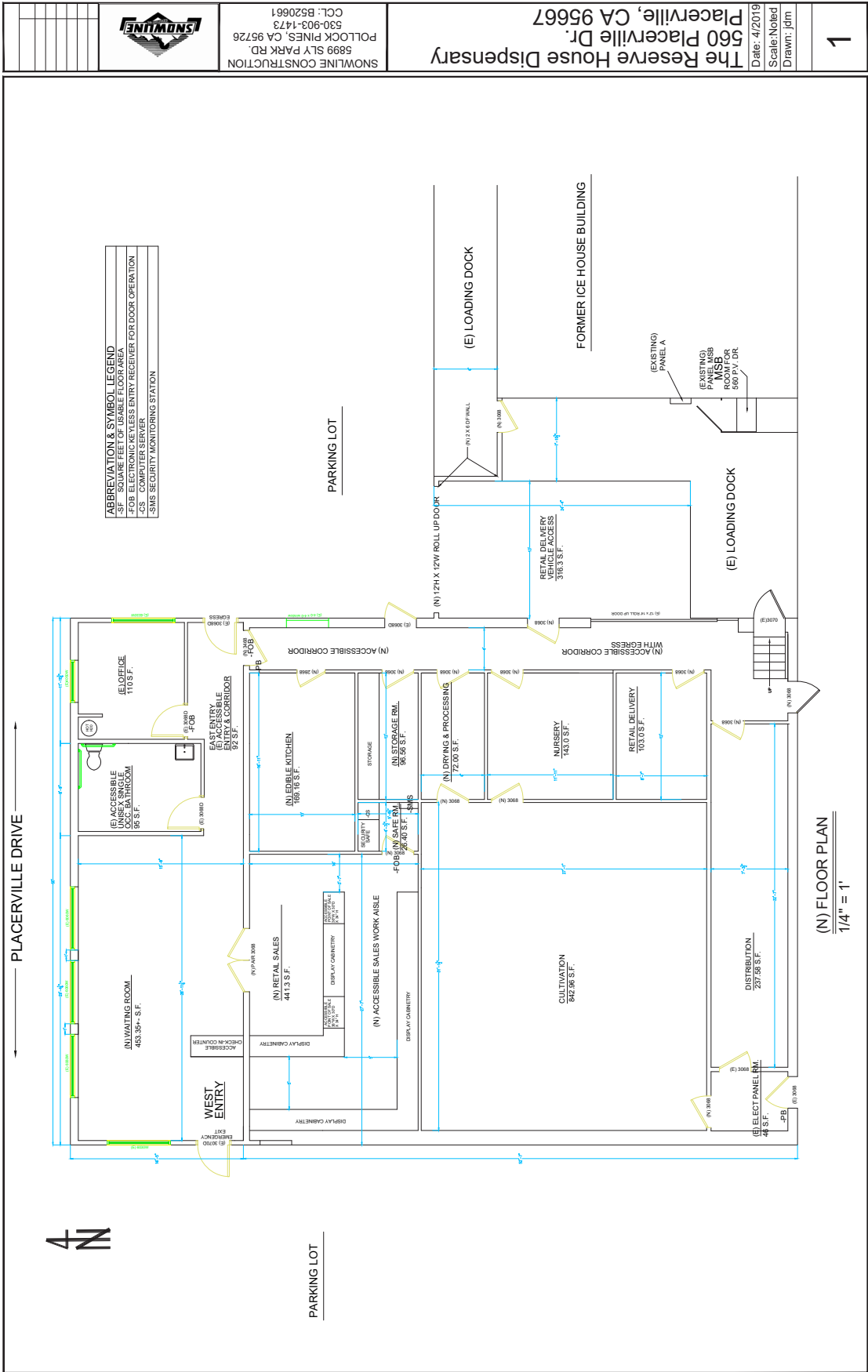
DRAWN BY: JIM MAULT
 DATE: 4/20/19

SCALE: AS SHOWN

PROJECT NO.: 19-001



Floor Plan



SNOWLINE CONSTRUCTION
 5899 SLY PARK RD
 POLLOCK PINES, CA 95726
 CCL: BS20661

The Reserve House Dispensary
 560 Placerville Dr.
 Placerville, CA 95667

Date: 4/2019
 Scale: Noted
 Drawn: jdm

1