

REGULATED CANNABIS INDUSTRY

License Fees are Collected by the State & City

Strict Regulations & Oversight are Enforced to Ensure Compliance

All Products are Safety Tested Prior to Reaching Consumer

Tax Revenue is Collected on Every Transaction

IN A REGULATED MARKET
ALL BUSINESS MUST BE STATE AND CITY LICENSED

- City/County elected officials are the decision makers for business licensing on the local level
- Locality sets # of licenses for each business sector

State of Colorado License Fees	
Medical Marijuana Center (1-300 patients)	\$9,000
Annual Renewal	\$2,300
Optional Premises Cultivation	\$2,500
Marijuana Infused Products	\$2,500
Testing Facility	\$2,500
Annual Renewal	\$1,800

City of Colorado Springs License Fees	
Medical Marijuana Center	\$5,100
Optional Premises Cultivation	\$5,100
Marijuana Infused Products	\$5,100
Testing Facility	\$5,100
All Annual Renewal	\$2,600

The Cost of Doing Business
 Total New License Fees Paid = \$32,000
2018 State Cost to Renew License
 3 Dispensaries = \$6,900
 2 Cultivation Sites = \$3,600
Total Annual Renewal = \$10,500

The Cost of Doing Business
 Total New License Fees Paid = \$25,500
2018 City Cost to Renew License
 3 Dispensaries = \$7,800
 2 Cultivation Sites = \$5,200
Total Annual Renewal = \$13,000

IN A REGULATED MARKET CANNABIS IS TRACKED & MONITORED FROM SEED-TO-SALE

ALL STATE LICENSED CANNA-BUSINESS MUST:

Utilize METRC real-time software
Pay Monthly Fee

METRC = Marijuana Enforcement Tracking
Reporting Compliance

Purchase RFID Plant/Package Tags
(Radio Frequency Identification)

Record every plant & product movement
internally & license-to-license, thru METRC

Complete a Manifest in METRC for all
license-to-license plant/product movement

Plant Tag Explanation



metrc MARIJUANA ENFORCEMENT DIVISION MARIJUANA TRANSPORTATION MANIFEST			
All sales transactions are to be completed prior to transportation of any MARIJUANA. The receiving entity may reject product delivered, but amount delivered must be limited to amount agreed upon in prior sales transaction.			
Manifest #:	0002517607	Date Created:	8/18/2018 1:54 PM
Originating Entity:	HERBAL HEALING LLC	For MED Use Only	
Originating License Number:	402-01163		
Address of Originating Entity:	408 East Filmore Street Colorado Springs, CO 80907		
Phone No. of Originating Entity:	7196329904		
Destination # 1:	HERBAL HEALING LLC	Destination Phone No.:	7195970776
Destination License Number:	402-00954	Date and Approximate Time of Departure:	8/18/2018 1:53 PM
Address of Destination:	1785 North Academy Boulevard, Suite 165 Colorado Springs, CO 80909		
		Date and Approximate Time of Arrival:	8/18/2018 3:53 PM
		Date/Time Received:	8/18/2018 2:04 PM
Route to be Traveled:	Notes: details for extraordinary circumstances (e.g., road closure, flat tire, etc.)		
Transporter # 1:	HERBAL HEALING LLC	Non-layover	
Transporter License Number:	402-00954		
Address of Transporter:	1785 North Academy Boulevard, Suite 165 Colorado Springs, CO 80909		
Contact Phone No. for Inquiries:	7195970776		
Name of Person Transporting:	Mike Whit	Occupational No. of Driver:	m34708
State Driver's License No.:	13-289-0742	Signature of Person Transporting:	
Make, Model, License Plate No.:	Nissan Titan WMG-450		
Package Label	Harvest Name	Item Name	Weight/Quantity
1A40050026F4D000002009 Status: Accepted	PT 4/5/18 NE	Purple Trainreck Bud (Buds)	Shp: 448.0000 g Rcv: 448.0000 g
1A40050026F4D000002010 Status: Accepted	PT 4/5/18 NE	Purple Trainreck Bud (Buds)	Shp: 448.0000 g Rcv: 448.0000 g
PRODUCT REJECTION (if only a portion of shipment is rejected, circle that portion above)			
Name of Person Receiving or Rejecting Product:			
I confirm that the contents of this shipment match weight records entered above, and I agree to take custody of those portions of this shipment not circled above. Those portions circled were returned to the individual delivering this shipment.			
Signature:		Date:	
Signature of individual taking receipt of rejected portion of this shipment:			



IN A REGULATED MARKET
**METRC REFLECTS INTERNAL MOVEMENT W/IN CULTIVATION FACILITY
 & RECORDS IN REAL TIME IN METRC**



Plants

Immature
Vegetative
Flowering
Harvested

Change Room
Change Growth Phase
Assign Tags
Sort by Room

Manicure Plants
Harvest Plants

Each Plant is uniquely number & ID

Tag	Strain	Room	Batch Date	Phase Date
▶ ABCDEF012345670000001022	CATMAN	Broom Closet	12/05/2013	03/05/2014
☑ ABCDEF012345670000000190	CATMAN		12/05/2013	03/06/2014

All activities and "Chain of Custody" events are logged

Description	Employee	Reported
Planted		03/05/2014 03:23 pm
Plant moved to room "Plants Room"	SCOTT DENHOLM	12/15/2013 03/05/2014 03:24 pm
Changed Growth Phase to Vegetative	SCOTT DENHOLM	12/15/2013 03/05/2014 03:24 pm
Attached tag ABCDEF012345670000000190	SCOTT DENHOLM	12/15/2013 03/05/2014 03:24 pm
Changed Growth Phase to Flowering	SCOTT DENHOLM	03/06/2014 03/06/2014 02:38 pm

◀ 1 ▶ 20 items per page Viewing 1 - 5 (5 total)

▶ ABCDEF012345670000000191	CATMAN	Plants Room	12/05/2013	03/06/2014
▶ ABCDEF012345670000000193	CATMAN	Plants Room	12/05/2013	03/06/2014

IN A REGULATED MARKET
 UPON CROP HARVEST ALL PLANT & WASTE MATERIAL IS
 WEIGHED AND RECORDED IN METRC

Plant Tag to Package Tag

Raw plant material & all waste (stems) are weighed and entered in METRC

Useable plant material then loses its Plant Tag & receives a Package Tag

*If you run out of tags, no movement of any plant material can occur

MMC CO OPC A | 403-MMC1

Packages

New Packages Adjust Packages

Each Package is uniquely number & ID

Tag	Item	Quantity	Date
▶ ABCDEF012345670000010041	Buds	1 oz	
☑ ABCDEF012345670000010042	Buds	0.5767 oz	

All activities and "Chain of Custody" events are logged

Description	Employee	Date	Time
Packaged 1 Ounces of Buds from Harvest "2014-01-14-Harvest Room-H"	SCOTT DENHOLM	01/24/2014	03/05/2014 03:25 pm
Used 12 Grams for Package ABCDEF012345670000006004	SCOTT DENHOLM	03/05/2014	03/05/2014 11:19 pm

20 items per page



IN A REGULATED MARKET ALL EXTERNAL PRODUCT MOVEMENT IS ACCOMPANIED BY A MANIFEST

Package Tag materials then goes to one of two places:

- 3rd Party Testing Facility
- State Licensed Marijuana Infused Product Manufacturer

MARIJUANA ENFORCEMENT DIVISION MARIJUANA TRANSPORTATION MANIFEST			
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Signature:		Date:	
Signature of individual taking receipt of rejected portion of this shipment:			

Potency Tested
Cannabinoid
percentage
listed

Safe for consumption:
NO Pesticides, Residual
Solvents, Mildew,
Pesticides, Insects,
Toxins, Mold, Bacteria

CERTIFICATE OF ANALYSIS			
Sample ID: CW8101502		Submitted: March 24, 2016	
Client: examplicitent		Tested: March 24, 2016	
Sample Name: Blue Dream		Expires: June 22, 2016	
Sample Type: Flower		Flower potency is reported as % cannabinoids by dry weight, so moisture content is analyzed and displayed here.	
Strain: Blue Dream		Moisture: 8.8%	
Cannabinoid Profiling			
Analysis of major cannabinoids by advanced chromatography.			
	GC/MS	HPLC/DAD	
	Percent	mg/g	Percent
d8-THC	NA	NA	1.10
d9-THC	NA	NA	0.03
THCA	NA	NA	17.76
THCV	NA	NA	0.13
CBC	NA	NA	0.34
CBG	NA	NA	0.22
CBGA	NA	NA	0.00
CBN	NA	NA	0.19
CBD	NA	NA	0.16
CBDV	NA	NA	0.00
CBDA	NA	NA	0.00
Total	NA	NA	19.92
*100% Deacidified THC			
Microbiological Screening			
Pathogen screening for microbiological contamination.			
	Count	Limit	Status
APC	1,000	100,000	Pass
Yeast & Mold	2,000	10,000	Pass
Coliform	NA	100	Pass
E.coli	NA	10	Pass
Pseudomonas	NA	0	Pass
Salmonella	NA	0	Pass
*NTIC = Too Numerous to Count			
Chemical Residue Screening			
Targeted analyses of chemical residues by GC/MS and/or GC/MS			
	PPM	Limit	Status
BHC	0.0	0.1	Pass
Bifenthrin	0.0	0.1	Pass
Chlorothalonil	0.0	0.1	Pass
DDT	0.0	0.1	Pass
Dieldrin	0.0	0.1	Pass
Endosulfan	0.0	0.1	Pass
*ND = Not Detected			
Terpene Profiling			
Analysis of terpenes by GC/MS			
	PPM		PPM
b-Myrcene	NA	Sabinene	NA
linalool	NA	b-Pinene	NA
linalyl acetate	NA	Camphor	NA
alpha-pinene	NA	Eucalyptol	NA
beta-pinene	NA	(-)-Fenchone	NA
gamma-terpinene	NA	Fenchol	NA
delta-terpinene	NA	Terpinolene	NA
epsilon-terpinene	NA	Borneol	NA
zeta-terpinene	NA	Pulegone	NA
eta-terpinene	NA	Cedrol	NA
theta-terpinene	NA	b-Caryophyllene	NA
Total Terpenes: 0.0 PPM			
*ND = Not Detected			
Residual Solvent Screening			
Analysis of residual solvents by GC/MS			
	PPM		PPM
Acetone	NA	Hexane	NA
Benzene	NA	Isobutane	NA
Chloroform	NA	Isopentane	NA
Ethanol	NA	Isopropanol	NA
Heptane	NA	Methanol	NA
		nButane	NA
		Pentane	NA
		Propane	NA
		Toluene	NA
All of our reports now come with QR codes for verification of testing data on our lab database.			
CW Analytical Laboratories 510.545.6984			
This sample was tested by CW Analytical Laboratories. Results are valid through the expiration date indicated. Robert W. Martin, Ph.D.			

IN A REGULATED MARKET
ALL PRODUCTS MUST BE MANUFACTURED IN A STATE
LICENSED PROCESSING FACILITY



OSHA, EPA, DOA, Health
Department, Fire/Hazmat
Guidelines / Inspections

IN A REGULATED MARKET STRICT LABELING & PACKAGING REGULATIONS

Cannabaceutical™ Facts			
		Indica Dom. Hyb.	
Afghani X Sour Diesel		Sun Grown Org.	
★★★★★		Tested On: November 11, 2013	
Total Aerobic Count	GOLD	Total Yeast & Mold	GOLD
Total Entero-bacteria	GOLD	Pesticides Screen	PASS
Δ ⁹ -THC Max:	18.57 %	Sum of Top Terpenes	22.5 mg/g
Δ ⁹ -THCA	20.89 %	β-Caryophyllene	7.5 mg/g
Δ ⁸ -THC	0.25 %	Myrcene	3.5 mg/g
CBD Max:	0.35 %	Limonene	3.2 mg/g
CBDA	0.08 %	α-Humulene	2.8 mg/g
CBD	0.27 %	α-Pinene	2.6 mg/g
CBG Max	1.82 %	β-Pinene	1.5 mg/g
Δ ⁹ -THCVA	0.13 %	β-Pinene	1.5 mg/g
CBN	ND %	Germacrene B (t)	1.5 mg/g

Do not use while operating a car or heavy machinery. Keep out of reach of children. For medical use only. 10% reported as



* The intoxicating effects of this product may be delayed by two or more hours. Learn more at DistillBites.com

Ingredients:
Powdered sugar, corn syrup (light corn syrup, high fructose corn syrup), skim milk powder, semisweet chocolate (chocolate liquor, sugar, cocoa butter), soy lecithin, pure vanilla, vanilla, butter, cocoa (processed with potassium carbonate), vanilla extract (alcohol, sugar), salt, THC, Tetrahydrocannabinol (THC) oil

The standardized serving size for this product is 10 milligrams of active THC. This container includes 10 servings.

Warnings: There may be health risks associated with the consumption of this product. This product is intended for use in the State of Colorado. This product is infused with marijuana. This product was produced without regulatory oversight for health, safety or efficacy. There may be additional health risks associated with the consumption of the product for women who are pregnant, breastfeeding, or planning on becoming pregnant. Do not drive a motor vehicle or operate heavy machinery while using marijuana. This product was tested for mold, mildew, heavy metals, pesticides, pesticides, fungicides and harmful chemicals. KEEP OUT OF REACH OF CHILDREN. The package is child

Nutrition Facts

Serving Size: 0.125 oz (4 grams)
Servings Per Container: 10

Amount Per Serving	Calories: 15	Calories from Fat: 0	% Daily Value*
Total Fat	0g		0%
Saturated Fat	0g		0%
Trans Fat	0g		0%
Cholesterol	0mg		0%
Sodium	5mg		0%
Total Carbohydrate	3g		1%
Dietary Fiber	0g		0%
Sugars	2g		
Protein	0g		
Vitamin A	0%	Vitamin C	0%
Calcium	0%	Iron	0%

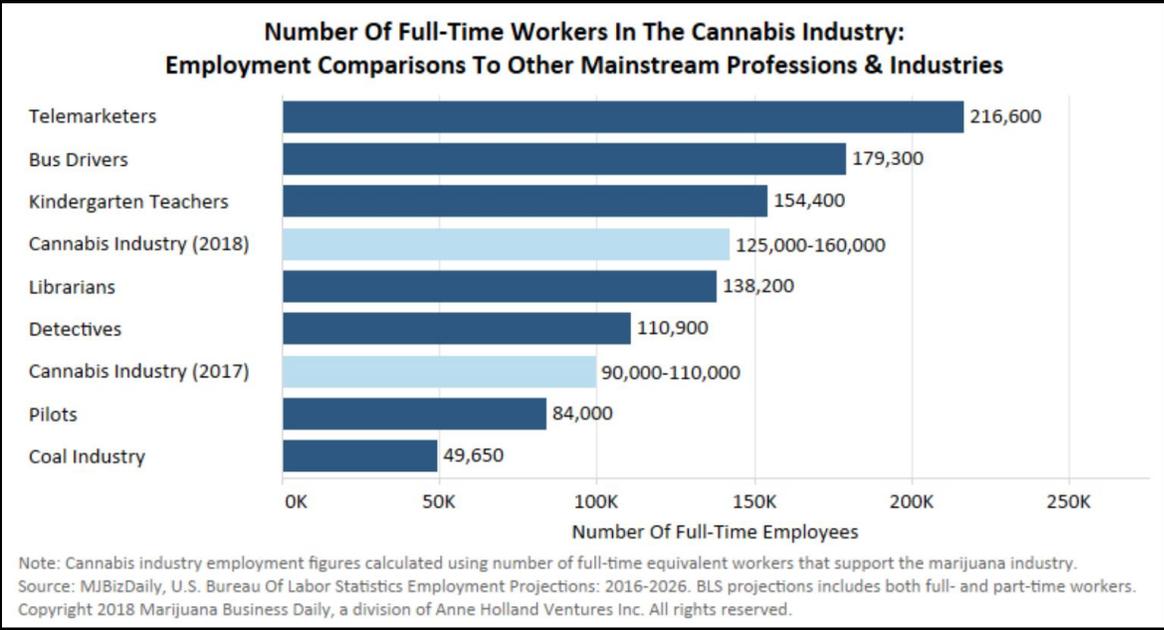
*Percent Daily Values are based on a 2,000 calorie diet.

This item is perishable. Keep refrigerated. Please recycle.



Non-compliant labeling will result in steep fines and/or loss of license

IN A REGULATED MARKET
EMPLOYEE'S MUST PASS A BACKGROUND CHECK & REGISTER WITH THE STATE



- ALL Employees Must Acquire an Occupational License to be employed**
- **Support License \$75**– individual who performs duties that support the Marijuana Business’ operations. Person with little to no decision-making
 - **Key License \$250**- individual who performs duties that are central to the Marijuana Business’ operations. Highest level of authority
 - **Must Renew Every Two-Years, either cost \$75 to renew**



Badges must be worn by employee & visible at all times within cannabis facility

Colorado 2017
Industry -- 23,662
Related -- 9262

Herbal Healing, LLC
Avg. 30 Full-Time
Max. 38 Full-Employed
5-8 Temp/Part-Time (During Harvest)

IN A REGULATED MARKET EMPLOYEE COMPENSATION

Job	Definition	Pay
Budtender	A retail clerk that serves customers at a dispensary. Typically, entry-level customer service job. Often called a patient advocate	\$11.16 per hour
Trimmer	An employee that prunes the leaves off dried cannabis plants, leaving intact the flower bud, which contains the most desirable cannabinoid compounds. This is often entry-level position.	\$10.20 per hour
Dispensary Manager	Oversee's all store front employees and business functions. On-site leader with key decision making authority of day-to-day retail operations.	40k to 65k per year
Master Grower	An experienced manager of a marijuana cultivation site/farm responsible for overseeing plant cultivation. Some have horticulture background or degree	100k to 150k per year
Extraction Tech	A technician that removes and refines the active ingredients in cannabis to make varied methods of consumption. Many have scientific backgrounds or have worked in pharmaceutical industry. Also called an extraction artist	100k to 120k per year

Health Insurance can be part of a compensation package

Employees can be paid by bank check

Workers Compensation Claims must be made when an employee is injured on the job

IN A REGULATED MARKET

Mandatory Safety and Security Requirements

Security Requirements:

Lighting in and around the licensed property

Video Surveillance in and around licensed property- **prevents loss, theft, diversion**

***Recorded for minimum 60 days**

Alarm Monitoring Required

Fenced & locked if outdoor

MED can enter, inspect and request video surveillance at any time

Failure to comply results in heavy fines and/or loss of license

62 cameras in 26,000 sq. ft.



IN A REGULATED MARKET
ALL CANNABIS COMES FROM ONE OF TWO SOURCES

Option One: Licensed Retail Dispensaries

State Issued Picture Identification Card
*State Issued Medical Marijuana Paperwork

- Must Comply with Local Zoning Ordinances
- Not within 1000 Feet of schools
- All employees must be registered with the state & have Occupational License
- Products can't be viewable from exterior or interior lobby area
- Must have Point of Sale System
- Patient Check-in Protocol
- Separate Areas for Dispensing
- Limited Access Area Posted Signs
- Products must be behind counter or locked for safety
- Camera/Security Regulations



ATM's at all locations
Accept Debit Card Payments



IN A REGULATED MARKET

CULTIVATE FOR PERSONAL CONSUMPTION

Option Two: Home Cultivation

- Must take precautions to ensure any cannabis or cannabis plants are secure & from unauthorized access and access by persons under 21 year
- Must be in an enclosed and locked space
- Only occur on property lawfully in possession of the person cultivating or with the consent of the person in lawful possession of the property
- Cannabis plants may not be cultivated in a location where plants are subject to public view, including view from another private property, without the use of binoculars, aircraft or other optical aids
- Caregivers must register with the state and be at least 18 years of age
- Any person who violates shall be subject to fine and/or loss of license
- Must not exceed lawful cultivation limits. Fine and loss of privilege will occur.

Onset of action



Geographic location



Affordability



Accessibility to needed method of delivery



Strain Specificity



IN A REGULATED MARKET
TAX REVENUE IS COLLECTED ON EVERY TRANSACTION

Revenue Year	Total
2014	\$67,594,323
2015	\$130,411,173
2016	\$193,604,810
Jul-05	\$247,368,473
Jan - Jul 2018	\$153,895,440

Colorado Dept. of Revenue
(All sales combined)

- The first \$40 million goes to a state program which awards grants to local school districts to build and improve school facilities.
- Local governments get a 15 % cut of the state's special sales tax which was worth about \$10 million in 2017
- The rest of the 10 % special sales tax and all of the regular 2.9 percent sales tax are to be spent by the state legislature.
- Colorado Springs Marijuana Sales Tax total 8.25%
 - 3.12% City of Colorado Springs
 - 2.9% State of Colorado
 - 1.23% El Paso County
 - 1.0% PPRTA (state collected)