



**Wayzata City Council Workshop Meeting Agenda
Wayzata City Hall Community Room, 600 Rice Street
TUESDAY, JUNE 4, 2024**

WORKSHOP TOPICS FOR DISCUSSION:

1. Presentation and Discussion of Municipal Cannabis Dispensary Feasibility Study by Point Seven Group (5:00-6:30 p.m.)



City Council Workshop City Council Agenda Report

MEETING DATE: June 4, 2024	WORKSHOP AGENDA ITEM: 1
TITLE: Presentation and Discussion of Municipal Cannabis Dispensary Feasibility Study by Point Seven Group (5:00-6:30 p.m.)	
PREPARED BY: Emily Goellner, Community Development Director	
REVIEWED BY: Jeffrey Dahl, City Manager, Aurora Yager, Deputy City Manager	

DISCUSSION OBJECTIVE:

To provide feedback on Municipal Cannabis Dispensary Feasibility Study by Point Seven Group and discuss next steps.

2024-2026 STRATEGIC PLAN PRIORITIES RELEVANCE:

Diversify Revenue

The City is exploring operation of a municipal dispensary to diversify and add revenues as a benefit to property taxpayers.

Sustain Community Character & Safety

The City is also exploring operation of a municipal dispensary to ensure and protect community safety and character.

BACKGROUND:

Local Response to Cannabis Legalization

In the spring of 2023, the State of Minnesota passed legislation that legalized the use, sale, and manufacturing of adult-use (high-potency, recreational) cannabis. This action was in addition to the legalization of low-potency hemp-derived THC products that was passed in 2022.

For additional background on the City's actions since legalization, please refer to the following City Council agenda packets and meeting minutes:

- August 8, 2023 - Ordinances on Registration of Edible Cannabis Products, Use of Cannabis in Public Spaces
- December 5, 2023 - Workshop - Municipal Cannabis Dispensary Study Framework
- March 12, 2024 - Workshop - Financial Feasibility Study Proposals
- March 26, 2024 - Professional Services Agreement with Point Seven Group for Financial Feasibility Study

Exploration of Municipal Cannabis Dispensary

Based on the Strategic Plan initiative to explore cannabis operations, staff drafted and then updated the attached Municipal Cannabis Dispensary Study Framework. Studying the financial feasibility of a dispensary is a crucial component of the study. The initial proposal from Point Seven Group included a recommendation for multiple phases of study based on the information available from the Office of Cannabis Management. The first phase of study was authorized at \$15,000 plus travel expenses and is funded by a portion of the \$100,000 allocated for this project in the 2024 Capital Improvement Plan.

Financial Feasibility Study with Point Seven Group

June marks the first crucial decision point in the study framework based on the attached deliverables from Point Seven Group:

1. Presentation for the June 4 Council Workshop

2. Municipal Dispensary Business Plan
3. Financial Model

An Examination of Cannabis Consumers and Cannabis Demand in Minnesota that was published by the Office of Cannabis Management (OCM) in January 2024, is attached for additional background information.

Findings

Point Seven Group has included a detailed summary of the approach taken, the data used, and assumptions made to create four scenarios:

1. Utilizing a third-party delivery partner and fully building out the dispensary
2. Utilizing a third-party delivery partner and renovating a leased site
3. Managing delivery internally and fully building out the dispensary
4. Managing delivery internally and renovating a leased site

While delivery is merely an optional addition to a retail license and has not been extensively discussed with the City Council or the community, it was included because of its popularity across the country and its substantial positive impact on the financial model.

All scenarios include a 5-year annual pro forma, including accrued net income at the end of each year. All scenarios are projected to be profitable by year 5. Scenario 4 is profitable by year 3 and features the highest accrued net income at the end of year 5. However, the most feasible scenario - lowest barriers to entry, lowest upfront costs, and greatest flexibility - is Scenario 2. The scenarios in the financial model would be updated and stress-tested over the coming months if the Council chooses to continue studying feasibility.

Next Steps

The City has reached its first crucial decision point in this study: decide whether to continue studying feasibility or stop studying feasibility.

If the Council chooses to stop studying feasibility, staff will begin preparing for the potential introduction of a private cannabis retail operation within the city. This includes an update to the Zoning Ordinance and the process for compliance checks (which can possibly be performed by Hennepin County instead of City staff).

If the Council chooses to keep studying feasibility, the City will need to engage Point Seven Group (or a similar firm) in subsequent work with a new agreement for professional services. During this time, staff would begin preparing a more detailed community engagement plan (see the attached study framework document for initial ideas on community engagement). Staff would then also work with Point Seven Group (or a similar firm) on a proposal to continue stress-testing and revising the financial model based on OCM updates, license caps, operational timetables by license type, and information about specific retail locations in order to further refine real estate cost estimates. This proposal would require review by City Council before additional study can be performed.

As noted in Point Seven Group's findings, the City can continue exploring whether the City could hire an operator through a competitive selection process, which could generate tax revenue.

The Council's second crucial decision point in the study would come in Q4 of 2024, when the Council would decide whether to apply for a license or not. The licensing process for municipalities is expected to begin in Q1 of 2025.

ATTACHMENTS:

1. Wayzata Municipal Cannabis Enterprise Feasibility Study Framework - 5-30-2024
2. Presentation - June 4 Workshop - Point Seven Group
3. Wayzata Municipal Dispensary Business Plan - Point Seven Group
4. Dispensary Financial Model - City of Wayzata - Point Seven Group
5. An Examination of Cannabis Consumers and Cannabis Demand in Minnesota - OCM



Municipal Cannabis Enterprise Feasibility Study & Decision Timeline

Approach and Framework for Feasibility Study

1. Identify **Leaders** on City Council
 - a. Frequent check-ins with Mayor and Council, identify crucial points of decision by Council
2. Establish **Team** and Process
 - a. Conduct informal SWOT Analysis, identify work to be conducted by consultants, identify work to be conducted by City staff, identify other municipalities interested
3. Review and Refine Details and **Budget** for Feasibility Study
 - a. \$100,000 allocated in 2024 City Budget
 - i. \$16,000 for Point 7 Group contract with travel expenses included
 - ii. \$1,000 for seminars, expos, conferences, workshops
4. Conduct an initial **Financial Feasibility Analysis** (high-level business plan options, variety of scenarios)
 - a. Select a consultant ideally with cannabis retail market expertise, municipal enterprise expertise, and business planning expertise
5. Establish a **Timeline** for Study, Review, and Decisions
 - a. Identify key points of decision-making within the overall process
 - i. June 2024 – if the City Council decides to move forward with study:
 1. Complete next steps as identified by Point 7 Group
 - a. Stress-test the financial model
 - b. Study real estate options in-depth
 2. Draft a community engagement plan
 3. Complete Zoning Amendments with guidance from Model Ordinance
 - a. Add cannabis uses to commercial districts
 - b. Consider local retail limitation of 1 dispensary per 12,500 people
6. Establish **Community-Driven Vision and Guiding Principles for Decisions**
 - a. *Rationale*: Community-driven work is crucial to support Council Members in decision-making processes, avoid major disruptions to the study process, and insulate staff from political debates about state-level cannabis legalization
 - b. Establish Guiding Principles, Vision, and Public Purpose
 - i. Public Safety & Design – strict compliance with state regulations and best practices, thoughtful dispensary location and design
 - ii. Health and wellness of residents – acknowledge medicinal purposes of cannabis and ability for city to control sale (similar to alcohol)
 - iii. Muni Legacy – resident-focused business, profits to be utilized for public projects
 - c. Methods for Gathering Community Input and Assessing Options with Community:
 - i. Hosting community listening sessions
 - ii. Assembling a Task Force comprised of three sub-committees:
 1. Muni Legacy – Communications and Enterprise staff
 - a. Community Focus
 - b. Marketing
 2. Fiscal & Legal Responsibility – Administration staff

- a. Banking
 - b. Insurance
 - c. Accounting
 - d. Technology
 - e. Compliance
3. Public Safety & Design – Public Safety, Public Works, and Community Development staff
- a. Site Design and Circulation
 - b. Building Design
 - c. Security Plan

Timeline of Tasks to Reach First Crucial City Council Decision Point:

Q4 2023	- Meet with other interested municipalities and League of MN Cities and gather information that will help establish a more detailed timeline and list of tasks - Meet with potential consultants that could conduct a feasibility analysis - Explore cost sharing opportunities with other interested municipalities for consultant agreements associated with this study
Q1 2024	- Select consultant to execute early/high-level feasibility analysis - Execute contract and begin analysis - Continue meeting with other interested municipalities to share information - Monitor Office of Cannabis Management (OCM) rulemaking process
Q2 2024	- Review results of analysis with City Council - Draft a timeline and work plan for establishing a community-driven vision and guiding principles for decision-making
June 2024	First Crucial City Council Decision Point: Decide whether to continue studying feasibility of municipal cannabis enterprise or to stop studying feasibility

Timeline of Tasks to Reach Second Crucial City Council Decision Point:

June 2024	If City Council Decides to Continue Studying Feasibility: - Decide if the City will engage Point Seven (or a similar firm) for subsequent work - Review a plan for a community engagement process
Q3 2024	- Continue stress-testing and revising the model based upon revised OCM timeline, license caps and operational timetables by license type - Revise real estate scenarios and real estate assumptions using actual properties available to City for the proposed operation - Begin community engagement process
Q4 2024	Second Crucial City Council Decision Point: Decide whether to apply for a municipal retail store (dispensary) license from the Office of Cannabis Management - Assemble comprehensive project plan outlining each requirement - Determine which components City staff can manage and complete independently and which (if any) are to be completed by third-party firms - Continue community engagement process

Study Areas *(generally listed in order; options will be vetted throughout entire study process)*

Financial Analysis	Finance, Consultant
- Study feasibility of an early business plan with variety of scenarios (rent v. own, delivery services) - Real estate options need to be thoroughly researched in order to revise financial model - Determine how to predict sales volume in order to predict profits - Identify need for bonds/loans necessary to start enterprise	
Risk and Liability Insurance	Legal & Finance
League of Minnesota Cities Insurance Trust (LMCIT) will recommend potential insurance provider	
Location Needs and Potential Issues	Planning
- Identify opportunities and risks with leasing or owning space used for retail operations - Owned property: Muni property has additional space on west side of the building for potential addition, no property taxes, high costs for construction of addition - Leased property: many property owners are not interested in leasing to cannabis retail tenant, rent would likely be a significant expense, rent would likely need to be paid far in advance of opening day of retail sales, renovation costs of a retail space could be significant, no location identified yet - Parking - RISE dispensaries, which includes 7+ dispensaries in MN, have seen online sales hold steady at 70% of sales since the pandemic – this could lead to more 15-minute parking spots specifically for pick-up orders and less parking needs overall due to high turnover - Pickup area 15-minute parking spots could be offered, but OCM is likely to require that customers need to come into the building to verify identification for product pick-up - Delivery area - Delivery rules need to be further established in the State Rulemaking Process - Could review the option of offering delivery to only Wayzata residents at low/no cost to reduce parking demand on retail location - This could be paired with alcohol delivery if that could be permitted by local ordinance - Zoning regulations – likely to be allowed in all commercial zones, potentially as conditional use - May include restriction in proximity to schools - State law sets general parameters	
Facility Needs	Development Team + Facilities Team
- Specific requirements will be released by OCM through rulemaking process, but likely to include: - Loading bay that can be secured (deliveries are most vulnerable to theft), Secured vestibule area for customer age identification, Vault, Retail space, Extensive security camera system, separation from liquor store operations	

Banking	Finance
- Existing bank relationship is unlikely possible, but inquiry has not been made yet - High risk merchant account is likely necessary	
Product Sourcing	Wine & Spirits, Consultant
- System or brand relationships to procure lowest price on high quality brands - Focus on high quality products with strong profit margin - Keep inventory as simple as possible to ensure profits, compliance, and budtender knowledge	
Staffing Plan, Benefits, Payroll, Hiring	HR
First draft of a staffing analysis and proposed organizational chart is included in the first draft of the Retail Business Plan by Point Seven Group	
Office of Cannabis Management License (OCM)	Clerk
- Monitor ongoing process of state administration and rulemaking under the new law - City may limit the number of licensed cannabis retailers to no fewer than one registration for every 12,500 residents, but a municipal dispensary will not count toward the limitation - Only one additional license would be issued in City of Wayzata if prohibition is put in place - City should apply as soon as possible, and be ready when state regulations take effect - City issues a registration after a state license has been received to verify that it means time, place, and manner restrictions set at the local level (such as a restriction around proximity to schools) – there is technically not a local licensing program – license is issued by OCM	
Ordinance and City Charter Amendments	Legal
- Under current state law, City may limit the number of licensed cannabis retailers to no fewer than one registration for every 12,500 residents via local ordinance - City Ordinance and possibly Charter will require amendments to establish a Municipal Cannabis Enterprise	
Tax Collection	Finance
- Process TBD - May not be subject to property tax if operation is built on city land - Option of working with a third party operator has been researched by Point Seven Group	

Discussion of Municipal Dispensary Business & Financial Feasibility

Presented by

Ashley Picillo of Point Seven Group

City Council Workshop
June 4, 2024



Minnesota Update



Legalization of Adult-Use Cannabis (as of 6/4/2024)



- ✓ On 5/19/2024, HF4757 was passed in the final hours of the legislative session.
- ✓ An initial “Preapproval” licensing round is to occur between 7/24/24 - 8/12/24 for Social Equity (S.E.) Applicants only.
- ✓ Municipalities pursuing licensure are exempt from the lottery process.
- ✓ Municipality licensure will likely occur in Q1 2025, after regulations have been finalized and approved.



Legalization of Adult-Use Cannabis (as of 6/4/2024)



- ✓ While license caps exist, municipal dispensaries are not counted towards the cap.
- ✓ OCM could deny a municipal license citing market stability (ref: subd. 1a)
- ✓ If S.E. Cultivators selected for pre-approval can provide the OCM with requested information, they may begin to cultivate prior to 2025, to establish an inventory for S.E. Dispensaries who are prepared to open in Q1 or Q2 of 2025.



Today's Agenda



Today's Agenda

- ✓ About Point7 & Point7's Qualifications
- ✓ Approach to Wayzata Dispensary Feasibility Analysis
- ✓ Deliverables
- ✓ Relied Upon Assumptions
- ✓ Summarized Findings & Supporting Data
- ✓ Q&A



About Point7 & Point7's Qualifications



About Point7



- ✓ Point Seven Group (Point7) is a 10 year old management consulting firm dedicated entirely to the regulated cannabis industry.
- ✓ Point7 has supported over 300 teams applying for, or operating, cannabis business licenses in 37 States, 6 countries and more than 100 cities and counties across the U.S.
- ✓ Possesses a depth of knowledge about the industry, the industry's trajectory and what a realistic operation looks like performance wise.
- ✓ Point7 is 100% owned by Founder and Managing Partner, Ashley Picillo, presenting here today who has been working closely with the Minnesota Marijuana Association as part of their Government Affairs and Social Equity Committees.



Approach to Feasibility Analysis



Approach to Feasibility Analysis

1. Engagement began with Point7 facilitating a series of workshops for the City of Wayzata team to provide background knowledge necessary for both modeling work and the business plan.
1. Point7 presented more than a dozen dispensary site plans operational in comparable (regulated) U.S. marketplaces to understand relative size and projected sales figures on a per sq. ft. basis. During this process we explored square footage use, operational function of each area, compliance, security considerations and general operating flow in order to educate City of Wayzata team prior to working through the financial model.



Approach to Feasibility Analysis

3. Evaluated organizational charts to understand the roles necessary to operate a high performing, compliant dispensary and understand which City positions may be beneficial to the operation of a dispensary, while sharing costs.
4. Examined Wayzata as the operator versus Wayzata hosting a third-party operator in the community.
5. Examined Wayzata leasing a premise versus utilizing a City-controlled premise accompanied by a ground-up buildout.



Approach to Feasibility Analysis

6. Developed and delivered a 5-year Financial Model/Pro Forma and conducted a Financial Modeling Workshop which allowed the Wayzata Team to examine and learn more about:
- Expense assumptions during start-up & ongoing operations phase
 - Tax considerations
 - Reasonable performance data
 - Impact of adding a delivery license



Deliverables



Deliverables

- ✓ 40+ page comprehensive Wayzata Dispensary Business Plan, accompanied by a summary of the financial modeling workshop findings.
- ✓ Wayzata Organizational Chart
- ✓ Real Estate Guidance / Floor Plan Strategy and Evaluation
- ✓ Go-to-market Workbook
- ✓ Five-Year Financial Model and Pro Forma
- ✓ Summarized Findings



Relied Upon Assumptions



Summary of Assumptions Relied Upon

Point7 and Wayzata agreed to work from the following assumptions:

- National, State and local market data (including socioeconomic, population, tourism patterns)
- Known information from the Office of Cannabis Management (OCM)
- Informed assumptions about Minnesota's timeline/trajectory
- Point7's past works spanning 37 U.S. States and hundreds of unique cities/counties
- Customer Archetypes
- Product allowances in Minnesota
- National sales data by product category and sales trends
- Impact the illicit market tends to have on a legal market
- Impact MN's existing medical program will have on adult use



Summary of Assumptions Relied Upon

- City staff utilized to promote labor efficiency, reducing costs while ensuring that City staff have visibility into the dispensary operation.
- Operations beginning in Year 2, Month 11 given what we know to be true about Minnesota's cannabis landscape.
 - Please note: the model uses Year ("Y") and Month ("M") anonymized so the model is flexible/able to be easily adjusted with actual months/years at a later point.
- Dispensary would be approximately 1,750 square feet in size (including front of house sales and back of house operations)
- Total Addressable market is 36,778 adults within a 3-mile radius (30,648) and factoring in tourism.



Summary of Assumptions Relied Upon

- Three dispensaries in a 3-mile radius, accounting for population constraints. When considering delivery, we assumed up to 8 dispensaries within the 5-mile radius.
- Purchaser growth base would grow substantially in years 2026 (25%) and 2027 (15% YoY), with growth reducing in 2028 to reflect substantial market expansion.
- Store would carry products from all approved/compliant product categories including: dry flower; concentrates; vaporizer cartridges; edibles, tinctures, topicals, oils, beverages, non-cannabis goods.
- Consumer purchasing would climb during two months (June, September) as a result of tourism in the area brought on by local festivals.



Additional Considerations

- ✓ Risk vs. Reward of operating a federally illegal business
- ✓ Possible rescheduling of cannabis
- ✓ Competition in nearby communities
- ✓ OCM's plan for Municipal applicants
- ✓ Competing with historically private enterprise
- ✓ Impact on City staff time
- ✓ Impact on bond rating/grant opportunities



Assumptions, Continued

Base Market Figures & Forecasted Population Growth

BASE MARKET FIGURES		
Statewide Figures		
Minnesota Population (2022)	5,714,300	People
Minnesota 21+ Population %	73.7%	of Population
Minnesota 21+ Population (2023)	4,211,439	Adults
Minnesota Median Age	39.0	Years Old
Minnesota Median Household Income	\$84,313	Income
Minnesota Unemployment Rate (Dec 2023)	2.9%	Unemployed
Minnesota Population Annual Growth Rate	0.41%	Growth
Total Visitors to Minnesota (2022)	76,600,000	Visitors
Local Figures		
Wayzata Population	4,434	People
Wayzata 21+ Population %	85.20%	of Population
Wayzata 21+ Population (2022)	3,778	Adults
Wayzata Population (3-miles)	35,679	People
Wayzata Population (5-miles)	117,891	People
Wayzata Median Age	56.5	Years Old
Wayzata Median Household Income	\$118,456	Income
Hennepin County Unemployment Rate (Feb 2024)	3.00%	Unemployed
Wayzata Persons in Poverty	4.4%	Impoverished

POPULATION GROWTH		
Statewide Population Growth		
	Total	21+
Minnesota Population 2023	5,737,729	4,228,706
Minnesota Population 2024	5,761,253	4,246,044
Minnesota Population 2025	5,784,874	4,263,452
Minnesota Population 2026	5,808,592	4,280,933
Minnesota Population 2027	5,832,408	4,298,484
Minnesota Population 2028	5,856,321	4,316,108
Wayzata 3-mile Population Growth		
	Total	21+
Wayzata Population (3-mile) 2024	35,825	30,523
Wayzata Population (3-mile) 2025	35,972	30,648
Wayzata Population (3-mile) 2026	36,120	30,774
Wayzata Population (3-mile) 2027	36,268	30,900
Wayzata Population (3-mile) 2028	36,416	31,027
Wayzata Population (3-mile) 2029	36,566	31,154
Wayzata 5-mile Population Growth		
	Total	21+
Wayzata Population (5-mile) 2024	118,374	100,855
Wayzata Population (5-mile) 2025	118,860	101,268
Wayzata Population (5-mile) 2026	119,347	101,684
Wayzata Population (5-mile) 2027	119,836	102,101
Wayzata Population (5-mile) 2028	120,328	102,519
Wayzata Population (5-mile) 2029	120,821	102,939



Assumptions, Continued

Statewide Market Value

STATEWIDE MARKET VALUE ANALYSIS			
Estimated Purchaser Base and Annual Consumption			
	Minnesota 21+ Population (2023)	4,228,706	Adults
	(plus) Additional Tourism (50% of Population Base)	2,114,353	Adults
	Total Addressable Market	6,343,059	Adults
	(multiplied by) % Adult-Use Purchasers	14.0%	
	Serviceable Addressable Market	888,028	Adults
	(multiplied by) % Legal Market Adoption	50%	of market, Currently 27%
	Serviceable Obtainable Market	444,014	Adults
	Estimated 2025 Market Value - Vicente LLP	\$418,000,000	Market Value
	Estimated 2025 Market Value - AU + Medical	\$551,000,000	Market Value



Assumptions, Continued

Market Size - Local

ANALYSIS OF LOCAL MARKET SHARE			
STOREFRONT: Estimated Initial Purchaser Base (Y1)			
Wayzata 21+ Population 3-mile	30,648	Adults	
(plus) Additional Traffic (20% of Local Population)	6,130	Adults	
Total Addressable Market	36,778	Adults	
<u>(multiplied by) % Adult Use Purchasers</u>	14.0%		
Total Target Market	5,149	Adults	
(multiplied by) % Legal Market Adoption	50.0%		
Total Realizable Market Potential	2,574	Adults	
(multiplied by) % of Local Market Share (1/3)	33%		
Total Monthly Storefront Customers	850	Adults	
(plus) Seasonal Event Tourism (M6, M10)	1,155	Adults (Customers)	

SUPPORTING REVENUE METRICS AND ANALYSIS			
Discounts and Price Changes			
Annual Product Price Decrease (Y2)	8%	Decrease	
Annual Product Price Decrease (Y3)	10%	Decrease	
Annual Product Price Decrease (Y4)	9%	Decrease	
Annual Product Price Decrease (Y5+)	5%	Decrease	
Sales and Discounts			
	% of Qualifying Sales for Discount	10%	of Sales
	Average Discount %	15%	off MSRP
Purchaser Base Growth Rate			
Y2 Purchaser Base Growth	25%	Increase	
Y3 Purchaser Base Growth	15%	Increase	
Y4 Purchaser Base Growth	12%	Increase	
Y5+ Purchaser Base Growth	10%	Increase	



Assumptions, Continued

Product Pricing Assumptions & Customer Profiles

PRODUCT PRICING ASSUMPTIONS		
Product Category	% of Average Sale	Average Price Per Unit
Flower (3.5g)	17.0%	\$41.85
Flower (7g)	8.0%	\$110.00
Pre-Roll 5-pack (3.5g)	14.0%	\$45.00
Bulk Flower Trim (7g)	12.0%	\$50.00
Vaporizer Cartridges (500mg)	15.0%	\$75.00
Extracts (500mg)	14.0%	\$50.00
Edibles (100mg)	9.0%	\$30.00
Beverages (100mg)	3.0%	\$25.00
Other Cannabis Products (100mg)	7.0%	\$35.00
Non-Cannabis Goods	1.0%	\$20.00

CUSTOMER ARCHETYPE PROFILES			
<u>Estimated Customer Spend Breakdown</u>			
	Conservative	\$100 per month	17.0%
	Social	\$200 per month	19.0%
	Active	\$300 per month	24.0%
	Frequent	\$400 per month	40.0%
	Average Monthly Customer Spend		\$287.00



SOURCES:

1. <https://cannabis.state.mn.us/aboutus/reports/demandstudy>
2. <https://newfrontierdata.com/cannabis-insights/the-economic-impact-of-medical-cannabis-consumers/>

Analysis & Summarized Findings



Summarized Findings

- ✓ **Operations:** Significant parallels between operation of a Municipal Liquor Store and a Municipal Dispensary
 - Staffing technical skills, knowledge
 - Emphasis on compliance/highly regulated industry
 - Ratio of staff to guests
- ✓ **Personnel:** Ability to utilize City staff in partnership with new hires (Direct Dispensary Labor) to reduce overhead needs/share costs
- ✓ **Competitive Advantage:** While operating a cannabis dispensary presents a higher upfront learning curve, Wayzata's history of success operating a Muni Liquor Store may afford the City a unique competitive advantage over new operators



Summarized Findings

- ✓ **Hosting a Third-Party Operator:** If Wayzata chooses to host a third-party operator, the City can expect \$84,000 in annual tax revenue assuming a 1% allocation from the Cannabis Tax fund, or \$168,000 assuming a 2% allocation from the Cannabis Tax fund. This is not yet codified in the state regulations.
- ✓ **Add-on Delivery:** Adding a delivery license is likely to impact the dispensary's bottom line substantially. Wayzata will be able to add a delivery license or partner with a third-party operator.



Scenario 1: Delivery Partner, Full Buildout of an Owned Facility

ANNUAL PRO FORMA					
FROM MONTH 1 YEAR 1 TO MONTH 12 YEAR 5					
	Y1	Y2	Y3	Y4	Y5
Sales Revenue	\$0	\$1,110,349	\$7,998,781	\$8,278,738	\$8,437,690
Cost of Goods Sold	\$0	\$559,776	\$4,014,272	\$4,154,772	\$4,234,544
Gross Profit	\$0	\$550,573	\$3,984,509	\$4,123,966	\$4,203,146
Startup Expenses	\$80,000	\$2,180,662	\$0	\$0	\$0
Operating Expenses	\$0	\$396,580	\$1,976,393	\$2,020,386	\$2,067,020
Operating Income	(\$80,000)	(\$2,026,670)	\$2,008,116	\$2,103,580	\$2,136,127
ITDA Expenses	\$0	\$135,426	\$999,205	\$1,035,054	\$1,053,919
Net Income	(\$80,000)	(\$2,162,095)	\$1,008,911	\$1,068,526	\$1,082,207
Accrued Net Income	(\$80,000)	(\$2,242,095)	(\$1,233,184)	(\$164,658)	\$917,549



Scenario 2: Delivery Partner, Lease & Renovation

ANNUAL PRO FORMA					
FROM MONTH 1 YEAR 1 TO MONTH 12 YEAR 5					
	Y1	Y2	Y3	Y4	Y5
Sales Revenue	\$0	\$1,110,349	\$7,998,781	\$8,278,738	\$8,437,690
Cost of Goods Sold	\$0	\$559,776	\$4,014,272	\$4,154,772	\$4,234,544
Gross Profit	\$0	\$550,573	\$3,984,509	\$4,123,966	\$4,203,146
Startup Expenses	\$80,000	\$1,056,112	\$0	\$0	\$0
Operating Expenses	\$0	\$406,030	\$2,036,495	\$2,084,094	\$2,134,550
Operating Income	(\$80,000)	(\$911,570)	\$1,948,014	\$2,039,872	\$2,068,596
ITDA Expenses	\$0	\$134,776	\$995,073	\$1,030,674	\$1,049,277
Net Income	(\$80,000)	(\$1,046,346)	\$952,941	\$1,009,198	\$1,019,319
Accrued Net Income	(\$80,000)	(\$1,126,346)	(\$173,405)	\$835,793	\$1,855,112



Scenario 3: Internal Delivery, Full Buildout of an Owned Facility

ANNUAL PRO FORMA					
FROM MONTH 1 YEAR 1 TO MONTH 12 YEAR 5					
	Y1	Y2	Y3	Y4	Y5
Sales Revenue	\$0	\$1,110,349	\$7,998,781	\$8,278,738	\$8,437,690
Cost of Goods Sold	\$0	\$499,657	\$3,599,451	\$3,725,432	\$3,796,960
Gross Profit	\$0	\$610,692	\$4,399,329	\$4,553,306	\$4,640,729
Startup Expenses	\$80,000	\$2,219,056	\$0	\$0	\$0
Operating Expenses	\$0	\$401,980	\$2,010,737	\$2,056,791	\$2,105,609
Operating Income	(\$80,000)	(\$2,010,345)	\$2,388,593	\$2,496,515	\$2,535,121
ITDA Expenses	\$0	\$153,312	\$1,121,475	\$1,161,230	\$1,182,243
Net Income	(\$80,000)	(\$2,163,657)	\$1,267,118	\$1,335,285	\$1,352,878
Accrued Net Income	(\$80,000)	(\$2,243,657)	(\$976,539)	\$358,746	\$1,711,624



Scenario 4: Internal Delivery, Lease & Renovation

ANNUAL PRO FORMA					
FROM MONTH 1 YEAR 1 TO MONTH 12 YEAR 5					
	Y1	Y2	Y3	Y4	Y5
Sales Revenue	\$0	\$1,110,349	\$7,998,781	\$8,278,738	\$8,437,690
Cost of Goods Sold	\$0	\$499,657	\$3,599,451	\$3,725,432	\$3,796,960
Gross Profit	\$0	\$610,692	\$4,399,329	\$4,553,306	\$4,640,729
Startup Expenses	\$80,000	\$1,094,506	\$0	\$0	\$0
Operating Expenses	\$0	\$411,430	\$2,070,839	\$2,120,499	\$2,173,139
Operating Income	(\$80,000)	(\$895,245)	\$2,328,491	\$2,432,807	\$2,467,590
ITDA Expenses	\$0	\$152,663	\$1,117,343	\$1,156,850	\$1,177,600
Net Income	(\$80,000)	(\$1,047,908)	\$1,211,148	\$1,275,957	\$1,289,990
Accrued Net Income	(\$80,000)	(\$1,127,908)	\$83,240	\$1,359,197	\$2,649,187



Summarized Findings

- ✓ **Costs:** Highest Upfront Capital Costs: Scenario 3 (Internal Delivery, Full Buildout) with \$2,219,056 in startup expenses.
 - Lowest Upfront Costs: Scenario 2 (Delivery Partner, Lease/Renovate) with \$1,056,112 in startup expenses.
- ✓ **Revenues:** Highest Projected Revenue: Scenario 4 (Internal Delivery, Lease/Renovate) with \$8,437,690 by Year 5.
- ✓ **Profit/Timeline:** Most Profitable (Highest Net Income): Scenario 4 (Internal Delivery, Lease/Renovate) with a net income of \$1,211,148 in the first full year of operations.
 - Lowest Projected Net Income: Scenario 2 (Delivery Partner, Lease/Renovate) despite its feasibility and flexibility.
- ✓ **Feasibility:** Most Feasible (Lowest Barriers to Entry and Greatest Flexibility): Scenario 2 (Delivery Partner, Lease/Renovate).



Municipal Dispensary Feasibility Study & Decision Timeline

June 2024	First Crucial City Council Decision Point: ● Decide whether to continue studying feasibility of municipal cannabis enterprise or to stop studying feasibility. ● If the City decides to continue exploring municipal cannabis, the City Council will need to: ● Decide if the City will engage Point Seven (or a similar firm) for subsequent work ● Review a plan for a community engagement process
Q3 2024	● Continue stress-testing and revising the model based upon revised OCM timeline, license caps and operational timetables by license type ● Revise real estate scenarios and real estate assumptions using actual properties available to City for the proposed operation ● Begin community engagement process
Q4 2024	Second Crucial City Council Decision Point: ● If decision is made to apply for a license, assemble comprehensive project plan outlining each requirement ● Determine which components City staff can manage and complete independently and which (if any) are to be completed by third-party firms ● Continue community engagement process



To Consider Approval of a Phase II Engagement

Should the City of Wayzata wish to continue examining the feasibility of operating a dispensary versus hosting a third-party dispensary, we recommend continuing the engagement as follows:

1. Examine actual, possible locations within the City
2. Determine if the City is better poised to rent or buy
3. Design and begin a community engagement process
4. Continue evaluating the opportunity, refining the City's analysis to reflect: 1) May/June OCM updates; and 2) Questions, suggestions and considerations raised by City Council and community



Questions & Answers



Additional Exhibits



Average Spend - Additional Analysis

A \$50 figure is much more likely to be **average customer spend per visit, not per month**. The typical consumer visits more than once per month. For instance, [data for 2022](#) highlights that in adult use markets, average spend per transaction hit a floor of \$63.78 for Adult Use Markets, versus \$104.07 for Medical Transactions. Compare this with [2023 data](#) highlighting that consumption varies significantly, with a wide divergence in frequency, between multiple times consumed per day, versus usage every day or two, or once weekly/monthly.

Without being able to provide the exact dataset, as it is available via subscription from New Frontier Data's **Equio** platform, I can verifiably state that for two comparable markets, namely, Michigan and Maryland, the average customer spend for Michigan is \$131 per visit, and the average consumer visits 3 times per month (\$393 total). For Maryland, it is \$640 per month for the average customer spend.

New Frontier Data and BDSA Analytics provide robust reporting on this specific topic, but purchasing their reports/dataset can be expensive. For publicly accessible information, here are a few reference points. For instance, [New Frontier Data](#) analyzed consumer spend during the Pandemic, and noted that average consumer monthly spending at the time was as \$282, and varied widely by state and market.

Moreover, [data for 2021](#) points to an average monthly spend of \$278 for adult-use consumers, versus \$298 for medical consumers.

In a study published in 2023 to the [NIH's National Library of Medicine](#), they examined purchasing behaviors among individuals who purchase cannabis legally, but external to the medical market/without needing a medical prescription. The median (note: median, not mean) spend among this group was reported at \$129.20 within the past 30 days. While lower than our estimate in a new market within the Minnesota model, we factor in a decline in price each year, and an increase in customers. The mathematics of this work to eventually decrease average customer spend. Prices start out high within immature markets, and we tend to see substantial price compression.

The OCM Data is useful for providing insight into the frequency of purchase and unique breakdown of self-reported users among MN residents. However the "median spend" included within the survey is limited to spend in a market where Adult-Use recreational sales are not yet legal. It is not an apple-to-apples comparison.



Sources & Citations

Information contained in this model was sourced from the following websites, as well as Point7's past works:

- [Minnesota Office of Cannabis Management](#)
- [Minnesota Department of Health – Medical Cannabis](#)
- [Legislation \(12th Engrossment - 93rd Legislature \(2023 - 2024\) Posted on 04/03/2024](#)
- [Minnesota Department of Revenue - Cannabis Tax](#)
- [Minnesota NORML - Laws and Penalties](#)
- [Vangst Salary Guide](#)
- [Minnesota Marijuana Policy Project](#)

Please Note: This Model was developed using known information/market assumptions current as of 05/20/2024.



Payroll Tables

CITY ROLES					
Officers/Managers (SG&A)		City Salary	Direct Labor Hourly Wage	% of Time - Dispensary	Annual Dispensary Cost
	City Manager	\$180,000	N/A	6%	\$10,800
	Deputy City Manager (CFO/HRO)	\$135,000	N/A	20%	\$27,000
	Communications Coordinator	\$81,000	N/A	15%	\$12,150
	Parks & Facilities Manager	\$81,000	N/A	15%	\$12,150
	HR Generalist	\$85,000	N/A	10%	\$8,500
	Senior Accountant	\$103,000	N/A	25%	\$25,750
	Accountant	\$73,000	N/A	25%	\$18,250

DISPENSARY DIRECT LABOR					
Dispensary Staff		Direct Labor Hourly Wage	Weekly Hours	# of Employees	Annual Dispensary Cost
	General Manager & Head of Compliance	\$48.1	40	1	\$100,000
	Assistant General Manager	\$36.1	40	1	\$75,000
	Retail Agents (Part Time)	\$21.0	30	8	\$32,760
	Receptionist (Part Time)	\$17.5	30	2	\$27,300
	Distribution Manager (If Applicable)	\$36.1	40	1	\$75,000
	Delivery Agent (If Applicable)	\$22.0	40	3	\$45,760



Allowable License Types

SUPPORTING ANALYSIS, ADULT-USE*		
Allowable License Types		
Microbusiness		
Up to 5,000 square feet of plant canopy for indoor		
Up to one-half (1/2) acre of mature, flowering plants for outdoor		
May operate up to one retail location		
May permit on-site consumption of edible cannabis products		
Mezzobusiness		
Up to 15,000 square feet of plant canopy for indoor		
Up to one acre of mature, flowering plants for outdoor		
May operate up to three retail locations		
Cultivator (Craft and Bulk)		
Both indoor and outdoor cultivation allowed.		
Craft limited to 10,000 sqft of canopy		
Bulk limited to 30,000 sqft of canopy		
Bulk cultivator unavailable before July 1, 2026, unless needed to meet demand		
Cannabis must be certified organic by the agriculture commissioner		
Manufacturer		
Extraction method must be approved by the board.		
Must have a certification from an independent industrial hygienist or professional engineer		
May only add chemicals or compounds approved by the board to concentrates		
All ingredients in cannabis products must be disclosed		

Retailer		
May operate up to five retail locations		
May also hold a delivery license, medical retailer license, and a cannabis event organizer license		
Wholesaler		
May purchase and sell cannabis between businesses		
May also hold a transporter, a delivery service, and a cannabis event organizer license		
Transporter		
Transport all product types between all licensees		
Testing Facility		
Tests all cannabis products for quality compliance		
Event Organizer		
May organize a temporary cannabis event lasting no more than four days		
A cannabis event may designate an area for consumption		
Delivery Service		
May purchase from retailers to deliver to consumers		



Medical Market Analysis

SUPPORTING ANALYSIS, MEDICAL (APRIL 2024)

Medical Cannabis Operators

Current Dispensing Location Details

[Dispensing Locations](#)

15

[Registered Patients](#)

46,287

[Certifying Practitioners](#)

2,543

Current Medical Cannabis Manufacturers

[Green Goods](#)

[RISE](#) (Formerly [LeafLine Labs](#))



Medical Market Analysis

Medical Allowable Products

- Liquid
- Pill
- Liquid or oil for vaporized delivery method
- Water-soluble
- Orally dissolvable
- Topicals
- Any other form approved by the Office

Qualifying Conditions

Alzheimer's disease
Amyotrophic lateral sclerosis (ALS)
Autism spectrum disorder (must meet DSM-5)
Cancer*
Chronic motor or vocal tic disorder
Chronic pain
Glaucoma
HIV/AIDS
Inflammatory bowel disease, including Crohn's disease
Intractable pain
Irritable bowel syndrome
Obsessive-compulsive disorder
Obstructive sleep apnea
Post-traumatic stress disorder (PTSD)
Seizures, including those characteristic of epilepsy
Severe and persistent muscle spasms, including those characteristic of multiple sclerosis (MS)
Sickle cell disease
Terminal illness, with a probable life expectancy of less than one year*
Tourette syndrome

*If your illness or its treatment produces one or more of the following: severe or chronic pain; nausea or severe vomiting; or cachexia or severe wasting.





MINNESOTA MUNICIPAL RETAILER BUSINESS PLAN

PRESENTED TO THE CITY OF WAYZATA

Prepared by Point Seven LLC

Spring 2024

TABLE OF CONTENTS

I. RETAILER OPERATIONS OVERVIEW & FEASIBILITY SUMMARY	4
Engagement Summary	4
Draft Form	4
Business Plan and Financial Model Overview	4
Market Update as of May 2024	5
Assumptions Relied Upon	5
Approach to Feasibility Analysis	6
Exploring the Impact of Cannabis Delivery	6
Feasibility Findings, Summarized	6
II. STAFFING PLAN SUMMARY	7
Description of the Organizational Chart	7
City Roles	8
City Manager	8
Deputy City Manager (Chief Financial & HR Officer)	8
Communications Coordinator	9
HR Generalist	9
Senior Accountant & Accountant	9
Parks & Facilities Manager	9
Team Roles	9
General Manager & Head of Compliance (Full-Time)	9
Assistant General Manager (Full-Time)	10
Security Agents (Part-Time)	10
Retail Agents (Part-Time)	10
Receptionist(s) (Part-Time)	10
Delivery Roles	11
Delivery/Distribution Manager (Part or Full-Time)	11
Delivery Agents (Part-Time)	11
Staffing and Hiring	11
Employee Salaries	11
Employee Benefits	12
Equal Opportunity Employer	13
Employee Education and Training	13
IV. CANNABIS INDUSTRY MARKET ANALYSIS	13
United States Cannabis Market	14
Minnesota Market Opportunity	15
Allowable License Types	16
Statewide Market Value Analysis	17
Wayzata Market Opportunity	18
Wayzata Traffic Patterns	19

Population Growth	19
V. OPERATING PLAN	20
A. Site Specifications & Parameters	20
Store Layout	21
Accessibility	22
B. Descriptions of Products and Services	22
Vendor Relationships & Volume Purchases	22
Non-Cannabis Supplies & Equipment Purchases	22
C. Sales Strategy Summary	23
Pricing Strategy	23
VI. MARKETING STRATEGY SUMMARY	24
Marketing Plan	24
Marketing & Advertising Compliance	25
Delivery Methods	25
Retail Services & Customer Engagement	27
Customer Care Program	28
VII. COMMUNITY ENGAGEMENT	28
Overview of Community Engagement Strategy	28
Community Outreach & Involvement	28
Approach to Community Engagement	29
Community Engagement Plan	30
Sustainability	30
Supply Chain Management and Local-Centric Supplier Program	31
Job Creation & Targeted Recruitment Initiatives	32
Community Communication & Collaboration	32
VIII. FINANCIAL PROJECTIONS	33
Go-to-Market Timeline	34
Revenue Assumptions	34
Customer Base Analysis	34
Customer Spend Analysis	35
Revenue Growth	35
Expense Assumptions	36
Operational Budget	36
Profitability Scenarios	38
SCENARIO 1 - Delivery Partner, Full Buildout - Pro Forma Analysis	38
SCENARIO 2 - Delivery Partner, Lease/Renovate - Pro Forma Analysis	41
SCENARIO 3 - Internal Delivery, Full Buildout - Pro Forma Analysis	44
SCENARIO 4 - Internal Delivery, Lease/Renovate - Pro Forma Analysis	47

I. RETAILER OPERATIONS OVERVIEW & FEASIBILITY SUMMARY

As stewards of our community's welfare and prosperity, the City of Wayzata has taken an in-depth approach to evaluating the benefits, costs, risks, and opportunities posed by Minnesota's emerging adult-use marketplace.

The City received approval to engage Point Seven LLC (Point7), a leading consulting firm that has been working in the regulated cannabis industry for nearly ten years, to support the City in completing a Phase 1 evaluation. Point7 brings a wealth of experience and insight to this endeavor, having worked in over 25 different states, each with its own unique regulatory framework. By leveraging the expertise of Point7 and conducting a rigorous assessment of market dynamics, financial considerations, and operational requirements, the City seeks to make informed decisions that align with our vision for the future of Wayzata. This summary describes the collaborative effort between Wayzata staff and Point7.

Engagement Summary

Point7 was engaged by the City to:

1. Prepare a 5-Year Financial Model;
2. Present sample site plans so the Wayzata team is able to evaluate local real estate options potentially suitable for the proposed retailer location;
3. Present sample organizational charts and collaborate with the City in developing a Wayzata-specific organizational chart inclusive of City staff and new hires;
4. Present a go-to-market workbook to illustrate the hundreds of activities necessary to pursue a cannabis business license, and to open the cannabis business.
5. Develop a comprehensive Business Plan with a go-to-market strategy upon becoming operational.

Draft Form

Please note that the materials presented by Point Seven LLC (Point7) to the City of Wayzata are in draft form. These materials would need to be further developed for use during Minnesota's upcoming licensing process. This Business Plan is written from the standpoint of the City of Wayzata, informed by Point7. Point7 understands that Client may or may not decide to apply for a Retailer License in Minnesota. Consultant developed this Business Plan to satisfy its scope of work with Client.

Business Plan and Financial Model Overview

This Business Plan is unique in several respects. To begin, most offices require applicants applying for a cannabis business license to prepare and submit a 'Business Plan,' though the term 'Business Plan' is not (typically) utilized in cannabis the same way that it is traditionally. In cannabis, when a Business Plan is requested, more times than not the requesting audience (in this case Minnesota's Office of Cannabis Management) is looking to understand your *Operating Plan*. As such, in developing this work, Point7 aimed to:

- Utilize the process of building this Business Plan as an opportunity to educate the City of Wayzata about how a cannabis dispensary business operates and the various requirements dispensaries must consider before, and after operations begin.
- Develop content sections the City of Wayzata is likely to need if the City does decide to pursue a cannabis business license. In these sections, you will notice blue guidance text from the Point7 team expressing that the content in a specific section is ultimately written for the OCM as an intended audience.

- The financial model developed reflects a broad range of assumptions and illustrates four unique scenarios that the City may want to evaluate as the City continues to explore dispensary ownership. To be clear, we are not limited to four scenarios. Much of the dispensary's financial performance unsurprisingly stems from the location selected and the square footage available for dispensary sales. We are confident that these four scenarios will help the City continue learning about this unique opportunity.

Market Update as of May 2024

HF4757 was passed on Sunday, May 19th during the final hours of the legislative session. Notably, a few municipal-specific changes were included:

- As of today, Municipal dispensaries will not be included in the OCM's licensing lottery nor will licenses issued to Municipalities count towards the specified number of licenses to be issued to retailers (the OCM "cap").
 - A municipal cannabis store established, owned, or operated by a city or county must not be included in any limitation on the number of licensed cannabis retailers, cannabis mezzo businesses with a retail operations endorsement, or cannabis microbusinesses with a retail operations endorsement that a local unit of government imposes or adopts.

Assumptions Relied Upon

Point7 and Wayzata agreed to work from the following assumptions:

- National, State and local market data (including socioeconomic, population, tourism patterns);
- Known information from the Office of Cannabis Management (OCM);
- Informed assumptions about Minnesota's timeline/trajectory;
- Point7's past works spanning 37 U.S. States and hundreds of unique cities/counties;
- Customer Archetypes
- Product allowances in Minnesota;
- National sales data by product category and sales trends;
- Impact the illicit market tends to have on a legal market;
- Impact MN's existing medical program will have on adult use;
- City staff utilized to promote labor efficiency, reducing costs while ensuring that City staff have visibility into the dispensary operation.
- Operations beginning in Year 2, Month 11 given what we know to be true about Minnesota's cannabis landscape.
 - Please note: the model uses Year ("Y") and Month ("M") anonymized so the model is flexible/able to be easily adjusted with actual months/years at a later point.
- Dispensary would be approximately 1,750 square feet in size (including front-of-house sales and back-of-house operations)
- Total Addressable market is 36,778 adults within a 3-mile radius (30,648) and factoring in tourism
- Three dispensaries in a 3-mile radius, accounting for population constraints. When considering delivery, we assumed up to 8 dispensaries within the 5-mile radius.
- Purchaser growth base would grow substantially in years 2026 (25%) and 2027 (15% YoY), with growth reducing in 2028 to reflect substantial market expansion.
- Store would carry products from all approved/compliant product categories including: dry flower; concentrates; vaporizer cartridges; edibles, tinctures, topicals, oils, beverages, and non-cannabis goods.
- Consumer purchasing would climb during two months (June, and September) as a result of tourism in the area brought on by local festivals.

Approach to Feasibility Analysis

1. Engagement began with Point7 facilitating a series of workshops for the City of Wayzata team to provide the background knowledge necessary for both modeling work and the business plan.
2. Point7 presented more than a dozen dispensary site plans operational in comparable (regulated) U.S. marketplaces to understand relative size and projected sales figures on a per sq. ft. basis. During this process, we explored square footage use, operational function of each area, compliance, security considerations, and general operating flow in order to educate the City of Wayzata team prior to working through the financial model.
3. Evaluated organizational charts to understand the roles necessary to operate a high performing, compliant dispensary and understand which City positions may be beneficial to the operation of a dispensary, while sharing costs.
4. Examined Wayzata as the operator versus Wayzata hosting a third-party operator in the community.
5. Examined Wayzata leasing a premise versus utilizing a City-controlled premise accompanied by a ground-up buildout.
6. Developed and delivered a 5-year Financial Model/Pro Forma and conducted a Financial Modeling Workshop which allowed the Wayzata Team to examine and learn more about:
 - Expense assumptions during start-up & ongoing operations phase
 - Tax considerations
 - Reasonable performance data
 - Impact of adding a delivery license

Exploring the Impact of Cannabis Delivery

In response to evolving customer preferences and market demands, we would explore the integration of home delivery services into our retailer operations and services. This optional add-on service would provide convenience and accessibility for our customers, allowing them to receive their orders directly to their doorstep whilst opening the door to a larger range of customers in the surrounding communities of Lake Minnetonka. In performing delivery, we aim to offer a seamless and secure delivery experience while expanding our reach and enhancing customer satisfaction.

Feasibility Findings, Summarized

Through this feasibility summary, we — Point7 and the City of Wayzata — aim to provide community stakeholders with a comprehensive understanding of the opportunities and challenges associated with a municipality-operated retailer facility. We trust that the findings and recommendations outlined throughout this plan would serve as a foundation for constructive dialogue and strategic decision-making as we collectively strive towards a future of economic growth for Wayzata.

Point7 developed four scenarios to illustrate possible dispensary performance:

- Utilizing a third-party delivery partner and fully building out the dispensary
- Utilizing a third-party delivery partner and renovating a leased site
- Managing delivery internally and fully building out the dispensary
- Managing delivery internally and renovating a leased site

The forecasted financial performance of each scenario is described below within Subsection VIII. Financial Projections.

II. STAFFING PLAN SUMMARY

The dispensary's Leadership Team would be composed of Wayzata city staff, a multifaceted group of professionals who bring decades of experience in Wayzata community engagement and community policy, and qualified new hires filling the dispensary direct labor positions described further herein.

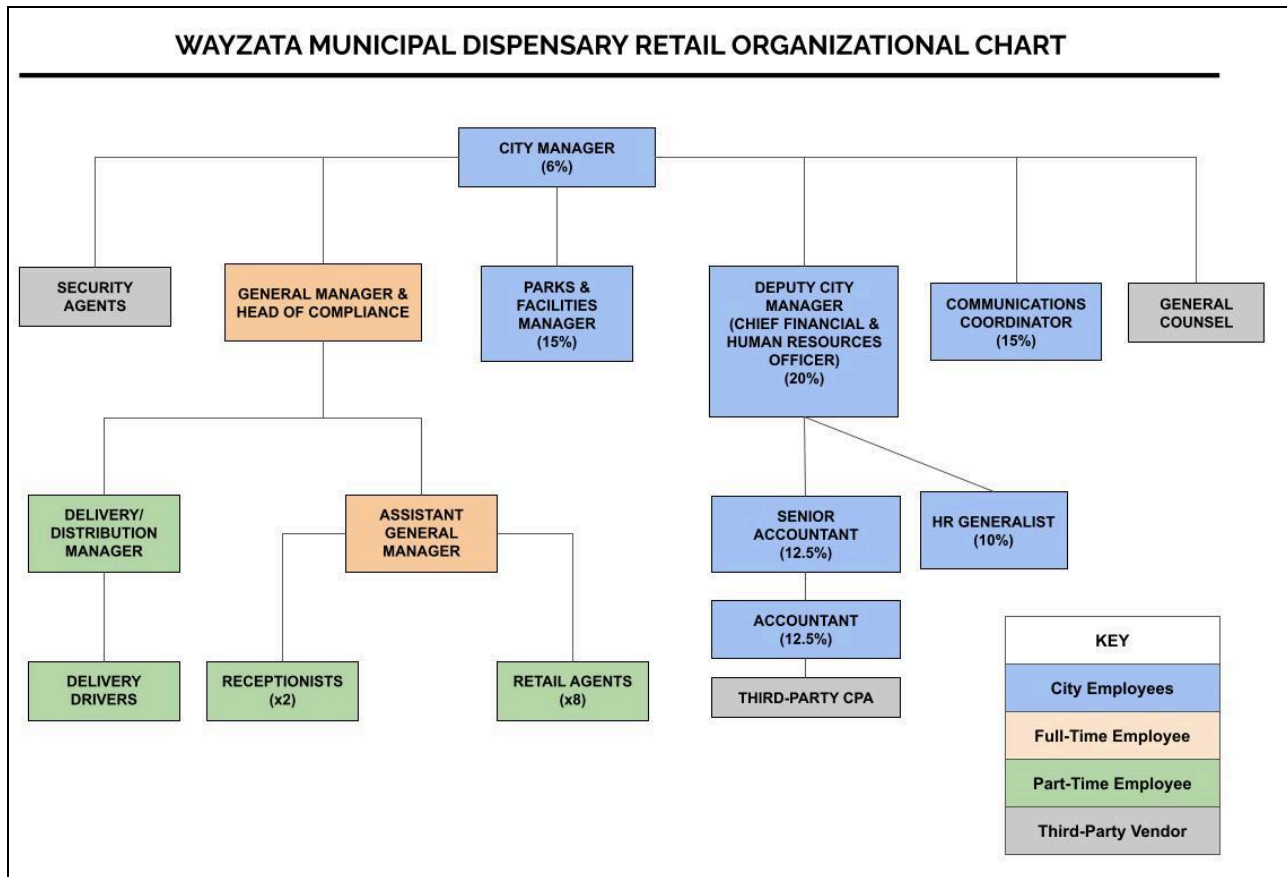
This Staffing Plan describes the process for hiring employees to facilitate day-to-day operations under the supervision and fractional management of Wayzata City staff. While preparing the facility for operations and upon opening the facility, City employees would fractionally manage certain operational functions for the facility. Point7 presented various cannabis business organizational charts and structures varying in team size, property size, and specific operating models and worked collaboratively with City staff to determine which functions could be covered by existing City-level employees.

Description of the Organizational Chart

The proposed dispensary would be managed by City employees, as well as dedicated full-time and part-time dispensary employees. Wherever possible, existing City professionals would be utilized to reduce costs, while ensuring alignment between dispensary operations and the City's goals for the business.

The organizational chart below depicts the following roles:

- Roles in orange indicate a full-time employee working solely for the dispensary
- Roles in green indicate a part-time employee working solely for the dispensary
- Roles in gray indicate a third-party vendor
- Roles in blue are City positions that would have some involvement in the day-to-day management of the proposed dispensary.
 - Percentages depicted in the organizational chart below represent the amount of time each designated City employee would dedicate to the day-to-day and managerial operations of the retailer facility.



City Roles

The following City-hired professionals would support the dispensary’s operations, streamlining operational function while conserving costs:

City Manager

The City Manager would supervise the dispensary’s management and overall operations. He is accountable to the Council and would be responsible for ensuring that profits are handled according to their policy directives.

Deputy City Manager (Chief Financial & HR Officer)

The Deputy City Manager would supervise the financial component of our operation and would act as the financial spokesperson for our organization. The Deputy City Manager would directly assist with the strategic and tactical matters related to retailer budget management, cost-benefit analysis, forecasting needs, and the securing of new funding. The Deputy City Manager would also oversee financial compliance and is responsible for all financial and fiscal management aspects of company operations. The Deputy City Manager would create, coordinate, and evaluate the company's financial infrastructure and supporting information systems, including budgeting, tax planning, and conservation of assets, ensuring compliance with local, state, and federal budgetary reporting requirements. They would also oversee department budgets, mass salary updates, ledger and account maintenance, and data entry.

In addition to financial management responsibilities, the Deputy City Manager Plan would direct and coordinate human resource management activities to maximize the strategic use of human resources and maintain functions such as employee compensation, recruitment, personnel policies, and regulatory compliance.

Communications Coordinator

The Communications Coordinator would report to the Deputy City Manager representing the community when engaging with stakeholders, advertising agencies, brand consultants, designers, and in all aspects of marketing and branding for our retailer. They would be responsible for creating our short- and long-term marketing strategies; creating meaningful marketing campaigns; establishing and managing the marketing budget; working closely with third-party vendors; assessing the success of marketing efforts; organizing dispensary events and community meetings; and maintaining regular communication with neighboring businesses and associations. They would collaborate closely with the General Manager & Head of Compliance to ensure compliance with marketing and branding initiatives.

HR Generalist

Reporting to the Deputy City Manager, the HR Generalist would be fractionally responsible for coordinating human resource management activities and maintaining functions such as employee compensation, recruitment, personnel policies, and regulatory compliance. The HR Generalist would provide strategic guidance and operational support on an as-needed basis.

Senior Accountant & Accountant

The Senior Accountant & Accountant would report to the Deputy City Manager and are jointly responsible for providing operational financial support to our organization. They would coordinate the preparation of financial statements, financial reports, special analyses, and information reports for the Leadership Team and aid the Deputy City Manager in coordinating administrative, business planning, accounting, and budgeting efforts of the retailer.

Parks & Facilities Manager

The Parks & Facilities Manager would fractionally manage aspects of the day-to-day facility and equipment maintenance, repairs, and upgrades, and provide the compliance-related elements of the facilities operations. When required, they would be responsible for light maintenance, all general cleaning and upkeep in and around the exterior of the retailer facility, ensuring delivery of utilities (gas, water, and electric) and collection of garbage to the facility, assisting with exterior landscaping, and providing manual labor services as needed.

Team Roles

General Manager & Head of Compliance (Full-Time)

The General Manager & Head of Compliance would report to the Leadership Team and would be an objective authority for the review, evaluation, implementation, and enforcement of all compliance protocols and marketing/branding within the retailer. The General Manager & Head of Compliance would be responsible for proposed day-to-day operations of the retailer, overseeing hiring and training, inventory controls, customer satisfaction, and product procurement. The General Manager & Head of Compliance would be the eyes and ears of our daily operations, implementing measures for sales and product ordering, Key Performance Indicators (KPIs), scheduling and staffing, and standard operating procedures. This person would be experienced in highly regulated industries (such as alcohol, pharmaceuticals, tobacco, casinos, agriculture, CPG, and various manufacturing industries) as they would serve as the liaison between the Leadership Team's vision and mission and actual day-to-day efforts.

In addition to day-to-day operations, the General Manager & Head of Compliance would represent the community when engaging with stakeholders, advertising agencies, brand consultants, designers, and in all aspects of marketing and branding for our retailer. They would be responsible for creating our short- and long-term marketing strategies; creating meaningful marketing campaigns; establishing and managing the marketing budget; working closely with third-party vendors; assessing the success of marketing efforts; organizing dispensary events and community meetings; and maintaining regular communication with neighboring businesses and associations.

Assistant General Manager (Full-Time)

The Assistant General Manager (AGM) is the stand-in General Manager & Head of Compliance Coordinator when they are not present and would be on-site at all times to ensure customer satisfaction is sustained, deliveries can be checked and received, inventory audits can be conducted, and Retail Agent cash drawers can be counted and reconciled. The AGM would have experience in a lead position with responsibilities of managing a small team as they would work closely with the General Manager & Head of Compliance and Leadership Team to ensure efficient operations.

Security Agents (Part-Time)

Security Agents would be outsourced from a licensed and reputable Minnesota-based security staffing firm. While on-site, Security Agents would report directly to the General Manager & Head of Compliance and would have extensive training on daily surveillance duties, identification verification in the absence of a Receptionist, random and scheduled site inspections, and overall physical security presence at the facility. Security Agents would perform routine patrols, assist in investigations regarding suspected theft or diversion, and coordinate and communicate with key internal and external stakeholders, including law enforcement and authorized representatives of regulatory agencies. Security Agents would be stationed throughout the premises to ensure a safe, secure environment at all times.

Retail Agents (Part-Time)

Retail Agents would report to the General Manager & Head of Compliance, and AGM and would be expected to provide customers with the education and information needed to select the products best suited for their desired effects. Retail Agents would provide extensive information on the dispensary's product lines and answer customer questions to the best of their ability. Retail Agents would be trained in regulatory compliance and would continually work with the General Manager & Head of Compliance, and AGM to fully understand and be able to answer questions about cannabis product offerings. Retail Agents would be required to have impeccable customer service and cash handling skills to accurately manage the daily operation of the cash register assigned to them.

Receptionist(s) (Part-Time)

Retail Agents would be cross-functionally trained to serve in the Receptionist Role. Receptionist would report directly to the General Manager & Head of Compliance, and AGM and would be responsible for greeting all customers as they enter the retailer, checking legal identification to ensure customers are aged 21 or older with an acceptable form of identification (ID) prior to granting access to the facility. The Receptionist would provide clerical and administrative support in order to ensure the retailer's services are provided in an effective and efficient manner.

Delivery Roles

If delivery operations occur, the following two roles would be necessary:

Delivery/Distribution Manager (Part or Full-Time)

Delivery/Distribution Manager to be employed full-time to oversee all aspects of the delivery and distribution operations within the cannabis retail operation. This role is crucial for ensuring timely and compliant transportation of cannabis products.

Delivery Agents (Part-Time)

Both full-time and part-time Delivery Agents would be employed to ensure flexible and efficient delivery services. This role is vital for the direct transportation and handling of cannabis products to customers or between facilities. The ideal Delivery Agent must possess a clean driving record and be knowledgeable about local delivery routes. Familiarity with cannabis products and compliance with cannabis transportation regulations is preferred. The candidate should demonstrate reliability, good communication skills, and the ability to work independently. A background check and drug screening are required for this role.

Staffing and Hiring

Point7 developed the following Staffing and Hiring Plan Summary, describing the various roles necessary for operating the dispensary. The intention is to hire open roles directly from the local community whenever possible. The following *Employee Salaries* overview illustrates the number of people needed for each role and the anticipated salary for each position. City Leadership would be responsible for supervising the construction process; interviewing and hiring staff; selecting inventory and vendors; and finalizing the standard operating procedures (SOPs). Interviewing, hiring, and training of employees would begin at least 90 days before the facility opening with prioritization of hiring manager-level employees who would assist in the hiring and training of supporting and entry-level employees.

Employee Salaries

Point7 recommends hiring two full-time employees, the General Manager & Head of Compliance and an Assistant General Manager. The following table depicts projected annualized payroll, with an estimated 30% addition for manager benefits burden, including paid time off; paid sick leave; performance and holiday bonuses; and health insurance coverage.

CITY ROLES					
		City Salary	Direct Labor Hourly Wage	% of Time - Dispensary	Annual Dispensary Cost
<i>Officers/Managers (SG&A)</i>					
City Manager		\$180,000	N/A	6%	\$10,800
Deputy City Manager (CFO/HRO)		\$135,000	N/A	20%	\$27,000
Communications Coordinator		\$81,000	N/A	15%	\$12,150
Parks & Facilities Manager		\$81,000	N/A	15%	\$12,150
HR Generalist		\$85,000	N/A	10%	\$8,500
Senior Accountant		\$103,000	N/A	25%	\$25,750
Accountant		\$73,000	N/A	25%	\$18,250

DISPENSARY DIRECT LABOR			Weekly Hours	#	
General Manager & Head of Compliance	\$100,000	\$48.1	40	1	\$100,000
Assistant General Manager	\$75,000	\$36.1	40	1	\$75,000
Retail Agents (Part Time)	\$43,680	\$21.0	30	8	\$32,760
Receptionist (Part Time)	\$36,400	\$17.5	30	2	\$27,300
Distribution Manager (If Applicable)	\$75,000	\$36.1	40	1	\$75,000
Delivery Agent (If Applicable)	\$45,760	\$22.0	40	3	\$45,760
Total Monthly Payroll					\$68,213
Employee Benefits % (Workers Comp, Payroll Tax, Benefits)		30%			
THIRD PARTY PROFESSIONAL SUPPORT					Annual Cost
<i>Non-Employees</i>	Monthly Fee	Months per Year			
Outsourced City Attorney + Contracted	\$2,000	12			\$24,000
Convergent Contracted For Security Monitoring	\$1,500	12			\$18,000
Contracted Loffler (Computers)	\$1,000	12			\$12,000
Outsourced Director of Security	\$10,000	12			\$120,000
Outsourced Security Agent(s)	\$7,500	12			\$90,000
Contracted Certified Public Accountant	\$500	12			\$6,000

Employee Benefits

In order to promote employee retention and a strong employee culture where every single employee feels valued and encouraged to succeed, dispensary employees would receive competitive compensation packages.

- ***Comprehensive Benefits:*** Employees would be provided with comprehensive benefits as part of their employment, including but not limited to: 1) Healthcare coverage; 2) Vision coverage; 3) Dental coverage; 4) Retirement matching funds; 5) Paid time off; 6) Paid holidays; and 7) Extensive training and career development.
- ***Wages and Salaries:*** Competitive hourly wages and salaries have been determined based on: 1) State minimum wage requirements, 2) Competitive hourly wages, and 3) Available compensation metrics for each role.
- ***Career Advancement:*** Employees would be promoted from within the organization when possible as new roles become available. Promoting full transparency, open roles would be posted in the facility and emailed to all employees. Supervisors and managers would be trained and encouraged to evaluate current employees for organizational promotions before a role is publicized externally.

Equal Opportunity Employer

Prospective employees would be welcomed and valued — regardless of race, ethnicity, sexual orientation, gender identity, age, language, abilities/disabilities, socioeconomic status, geographic region, or other characteristics. Candidates would have the opportunity to meet with our team to explore employment opportunities and assess how their individual skills and prior job experience may translate to a successful career. By providing a comprehensive benefits package and entry-level wage rates that far exceed Minnesota's minimum wage rate, the dispensary would set a standard for competitive wages and would implement policies that promote diversity and inclusion, emphasizing open lines of communication between employees and the Leadership Team to identify and address any instance of discrimination in the workplace.

Employee Education and Training

At the dispensary facility, employees would be provided with more than just a job; they would be given the opportunity to grow and thrive within a supportive community. Through a tailored training curriculum facilitated by trusted third-party providers, employees would be well-equipped with the knowledge and skills necessary to excel in their roles. This alignment with Minnesota's rules and regulatory requirements ensures not only compliance but also the highest standards of professional practice.

Employees would be comprehensively trained before they are assigned to work within the dispensary, and employees would not be allowed to handle cannabis items until they have completed training. The training curriculum would incorporate best practices in the cannabis industry and comply with regulations set forth by the Office of Cannabis Management. This curriculum would cover initial and ongoing employee training. The training curriculum is organized into three categories: 1) Core; 2) Functional; and 3) Continued Education. This investment in employee training would translate to increased confidence, competence, and opportunities for career advancement within the organization, all of which contribute to a fulfilling and empowering work experience.

IV. CANNABIS INDUSTRY MARKET ANALYSIS

Point Seven LLC (Point7) completed extensive research and review of the broader cannabis market, evaluating both competitive medical and adult-use landscapes, consumer trends, regulatory frameworks, and industry forecasts to inform this business plan. Point7 carefully examined the U.S. cannabis industry, including but not limited to:

- Comparable, regulated cannabis markets throughout the U.S.
- Regulated industry growth data across the U.S.
- Impact of illicit stores and illicit cannabis businesses on now-regulated marketplaces
- Impact of existing medicinal cannabis markets on now-regulated adult-use marketplaces
- Impact of hemp industry on regulated THC-cannabis businesses
- Early forecasts, specifically about the State of Minnesota
- Consumer Comfort and adoption data pertaining to cannabis

Global cannabis and hemp trade markets have been steadily increasing over the past decade, and in 2023, more than 40 countries are operating some form of medical or recreational cannabis program. Key factors accounting for this growth include the increasing number of countries decriminalizing or legalizing the use of cannabis, increasing awareness of therapeutic

benefits offered by cannabis through educational workshops and symposiums, and new technological developments in the extraction and formulation of cannabis derivatives.

The global legal cannabis market is undergoing a period of robust growth, fueled by the expanding acceptance and legalization of medical and recreational marijuana across multiple countries. According to a 2023 report by *Mordor Intelligence*, the global legal cannabis market is predicted to reach \$29.32 billion. This market is expected to continue its upward trajectory at a compound annual growth rate (CAGR) of 15.40% from 2023 to 2028, leading to an estimated market size of \$60.01 billion by 2028¹.

Other data sources provide supporting, albeit varied, perspectives on this market's growth. A report from industry research group, Grandview Research², suggests the global legal cannabis market, valued at \$16.7 billion in 2022, is set to expand at a CAGR of 25.4% from 2023 to 2030. This growth is primarily driven by increasing demand for legal cannabis, notably for medical purposes. The approval and acceptance of cannabis derivatives by associations, such as the U.S. Food and Drug Administration (FDA), for the treatment of various diseases ranging from chronic pain and chemotherapy-induced nausea to neurological conditions, such as Parkinson's and Alzheimer's, has also contributed to the market's growth.

Similarly, a report from Vantage Market Research³ posits that the Global Legal Cannabis Market, valued at \$14.95 billion in 2022, is forecasted to reach \$86.83 billion by 2030 at a CAGR of 24.60%. These varying yet uniformly optimistic projections suggest a significant expansion in the legal cannabis market over the upcoming decade. The differences can be attributed to distinct methodologies, scopes, and geographies covered in these reports.

United States Cannabis Market

While the federal government is currently shifting cannabis from a Schedule I to Schedule III drug, numerous states have independently navigated toward its legal acceptance and regulated sale. A total of 38 states, along with the District of Columbia and four out of five U.S. territories, have given the green light to the medicinal use of cannabis⁴. Recreational use has also gained approval in 23 states, including Guam, the Northern Mariana Islands, and the District of Columbia.

The U.S. tops the worldwide market with a promising forecast that suggests a combined sales value from the medical and recreational sectors of \$33.6 billion by the end of 2023, as per the projections in the 2023 *MJBiz Factbook*⁵. The growth predominantly stems from the unveiling of new markets centered on adult cannabis use. From 2022 to 2028, the U.S. cannabis market is projected to grow consistently in both the medical and recreational sectors. In 2022, medical cannabis is an estimated 35.7% (\$10.7 billion) of total cannabis sales (\$30 billion), with recreational cannabis accounting for the remaining 64.3% (\$19.3 billion). By 2028, the medical cannabis market share is expected to decrease slightly to approximately 24.8% (\$14.1 billion) of

¹Mordor Intelligence. "Cannabis Market Size & Share Analysis - Growth Trends & Forecasts (2023 - 2028)." Retrieved from <https://www.mordorintelligence.com/industry-reports/cannabis-market>.

²Grand View Research. Legal Marijuana Market Size, Share & Trends Analysis Report By Product Type (Flower, Oil And Tinctures), By Application (Medical, Adult Use), By Region (North America, Europe, APAC, LATAM, Africa), And Segment Forecasts, 2023 - 2030." Retrieved from <https://www.grandviewresearch.com/industry-analysis/legal-marijuana-market>.

³Vantage Market Research. "Legal Cannabis Market - Global Industry Assessment & Forecast" Retrieved from <https://www.vantagemarketresearch.com/industry-report/legal-cannabis-market-1530#:~:text=Global%20Legal%20Cannabis%20Market%20valued,increasing%20social%20adoption%20of%20marijuana>.

⁴Forbes. "Where Is Cannabis Legal? A Guide to All 50 States." Retrieved from <https://www.forbes.com/sites/wouldyakowicz/2023/05/30/where-is-cannabis-legal-a-guide-to-all-50-states/?sh=2992fdf64bcd>.

⁵Marijuana Business Daily. "Projected US cannabis market size" Retrieved from <https://mjbizdaily.com/us-cannabis-sales-estimates/>.

the total projected sales (\$56.9 billion), with recreational cannabis expanding its market share to around 75.2% (\$42.8 billion). These figures underline the increasing popularity and acceptability of recreational cannabis in the U.S. market.

Several states, such as Louisiana and Minnesota, which previously experienced limited program participation, are now implementing fresh regulations to enhance accessibility. Nonetheless, numerous states, such as Georgia and Iowa, continue to wrestle with restrictive program access.

The recreational cannabis sector in the U.S. paints an optimistic future, especially with large-market states, such as New York, finalizing details to introduce approved programs. With the industry's evolution, a noticeable transition from medical to recreational use has occurred. South Dakota notably became the first state in 2020 where voters simultaneously approved both medical and adult-use markets. Most states have enacted a hemp-production plan approved by the United States Department of Agriculture (USDA), which authorized the production of hemp for consumer products, and ten additional states have enacted legislation permitting the use of products that contain CBD with small traces of THC⁶. This progressive shift leaves only two states, Idaho and Nebraska, as the sole holdouts to legalize any form of state-regulated cannabis use.

Minnesota Market Opportunity

The U.S. cannabis industry is inherently political and risky. The federal government maintains a hard stance on cannabis, which remains listed on Schedule 1 under the Controlled Substance Act, yet allows states to create and regulate an industry upon which federal taxes are imposed and collected. This situation is further complicated because each state interprets the industry supply chain differently, has different political structures that can cause complications, and has enacted cannabis regulations indigenous only to that state. States often seek the most qualified operators and would make available a public application for multiple parties to compete for a limited number of licenses in the various vertical channels in the production supply chain (cultivation, manufacturing, transportation, retailer, delivery). The limited licensing model creates high barriers to entry, increased risk, and high upfront investment but large rewards for licensee winners. This complex system creates opportunities for those who understand the market dynamics and can provide value to new market entrants or companies looking to expand markets. Wayzata believes it has a firm understanding of the local market dynamics and is highly qualified to operate a retail cannabis business license.

Exploring the breadth of Minnesota's cannabis market reveals a landscape ripe with opportunity. According to data projections for 2025, the adult population in Minnesota aged 21 and over is estimated at 4,263,452. When accounting for additional tourism, which could add another 50% to the local population base, the total addressable market could reach approximately 6,343,059 adults. If 14% of this group are potential adult-use cannabis purchasers, the serviceable addressable market could include about 888,028 adults. With current legal market adoption rates at 50%, the serviceable obtainable market is approximately 444,014 adults. Utilizing

⁶Forbes. "Where Is Cannabis Legal? A Guide to All 50 States." Retrieved from <https://www.forbes.com/sites/wouldyakowicz/2023/05/30/where-is-cannabis-legal-a-guide-to-all-50-states/?sh=2992fdf64bcd>.

market value estimates provided by Vicente LLP for 2025, which include both adult-use and medical projections⁷, the combined market potential could be roughly \$551,000,000.

This analysis highlights our robust understanding of this evolving industry and empowers us to create a strategic roadmap poised for significant growth and success in Minnesota. With a comprehensive understanding of the statewide market dynamics and a readiness to meet consumer demand, businesses are well-positioned to capitalize on Minnesota’s extensive and diverse cannabis market. This statewide perspective facilitates strategic planning and optimization of market opportunities, enhancing the potential for widespread impact and success in the evolving cannabis industry.

Allowable License Types

SUPPORTING ANALYSIS, ADULT-USE*	
Microbusiness	
	Up to 5,000 square feet (sq ft) of plant canopy for indoor
	Up to one-half (1/2) acre of mature, flowering plants for outdoor
	May operate up to one retail location
	May permit on-site consumption of edible cannabis products
Mezzobusiness	
	Up to 15,000 sq ft of plant canopy for indoor
	Up to one acre of mature, flowering plants for outdoor
	May operate up to three retail locations
Cultivator (Craft and Bulk)	
	Both indoor and outdoor cultivation are allowed.
	Craft limited to 10,000 sq ft of canopy
	Bulk limited to 30,000 sq ft of canopy
	Bulk cultivator unavailable before July 1, 2026, unless needed to meet demand
	Cannabis must be certified organic by the agriculture commissioner
Manufacturer	
	Extraction method must be approved by the board.
	Must have a certification from an independent industrial hygienist or professional engineer
	May only add chemicals or compounds approved by the board to concentrates
	All ingredients in cannabis products must be disclosed

⁷ <https://www.jdsupra.com/legalnews/minnesota-cannabis-market-projections-9909034/>

Retailer
May operate up to five retail locations
May also hold a delivery license, medical retailer license, and a cannabis event organizer license
Wholesaler
May purchase and sell cannabis between businesses
May also hold a transporter, a delivery service, and a cannabis event organizer license
Transporter
Transport all product types between all licensees
Testing Facility
Tests all cannabis products for quality compliance
Event Organizer
May organize a temporary cannabis event lasting no more than four days
A cannabis event may designate an area for consumption
Delivery Service
May purchase from retailers to deliver to consumers

Statewide Market Value Analysis

STATEWIDE MARKET VALUE ANALYSIS			
Estimated Purchaser Base and Annual Consumption			
Minnesota 21+ Population (2023)	4,228,706	Adults	
(plus) Additional Tourism (50% of Population Base)	2,114,353	Adults	
Total Addressable Market	6,343,059	Adults	
(multiplied by) % Adult-Use Purchasers	14.0%		
Serviceable Addressable Market	888,028	Adults	
(multiplied by) % Legal Market Adoption	50%	of market, Currently 27%	
Serviceable Obtainable Market	444,014	Adults	
 Estimated 2025 Market Value - Vicente LLP	 \$418,000,000	 Market Value	
Estimated 2025 Market Value - AU + Medical	\$551,000,000	Market Value	

Wayzata Market Opportunity

Please Note: The following Wayzata Market Opportunity Summary is written for the intended recipient, Minnesota's Office of Cannabis Management (OCM). Several written sections of this Plan have been included so they may be utilized by the City of Wayzata if the City decides to apply for a Municipal Cannabis Retailer License. The information contained within this Subsection was relied upon in the financial forecasts described throughout this Plan.

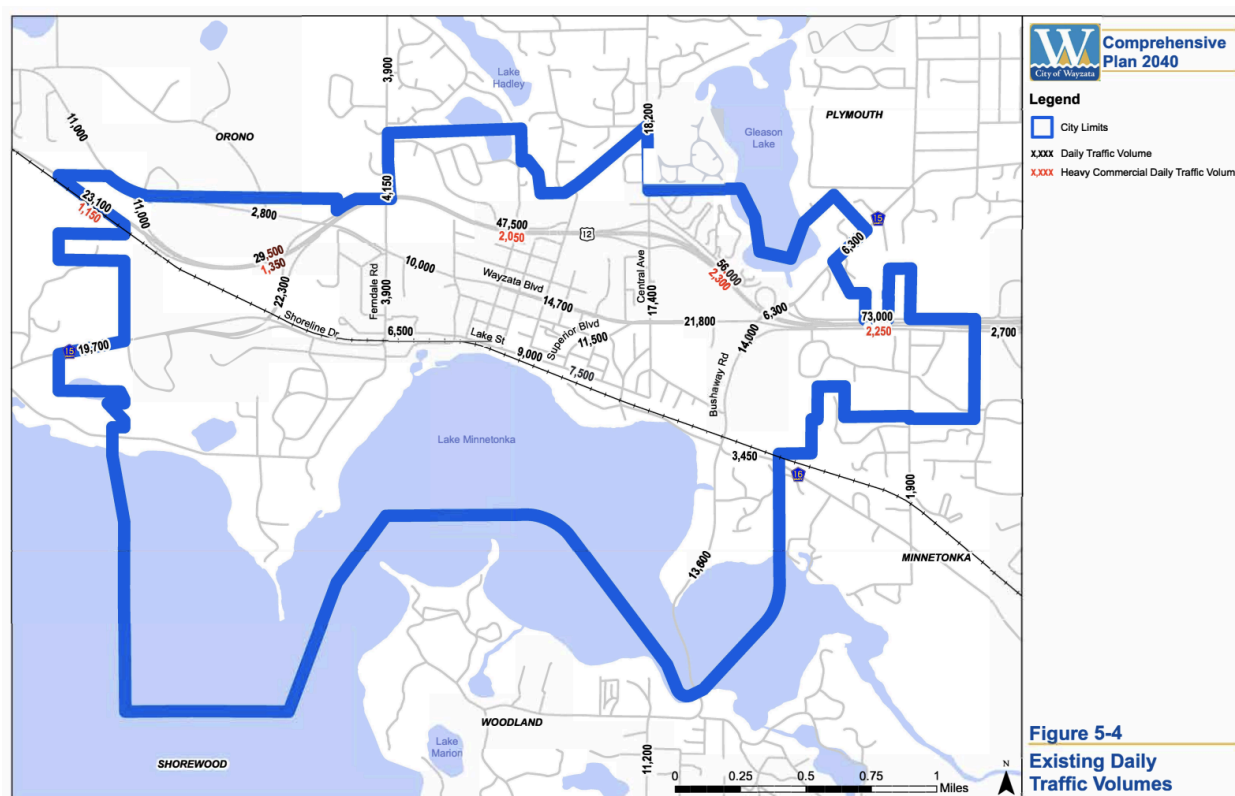
According to the U.S. Census Bureau QuickFacts⁸ Wayzata, the local population is estimated to be 4,434 people. Many factors contribute to the size of a region's cannabis market. As referenced in the *Base Market Figures* table below, our median age of 56.5 is higher than the state of Minnesota's average age of 39, and Wayzata's median household income of \$118,456 is higher than the Minnesota median of \$84,313. This data indicates an older and slightly higher-paid local demographic, which may demonstrate a more extravagant propensity when purchasing recreational goods.

BASE MARKET FIGURES			
Statewide Figures			
	Minnesota Population (2022)	5,714,300	People
	Minnesota 21+ Population %	73.7%	of Population
	Minnesota 21+ Population (2023)	4,211,439	Adults
	Minnesota Median Age	39.0	Years Old
	Minnesota Median Household Income	\$84,313	Income
	Minnesota Unemployment Rate (Dec 2023)	2.9%	Unemployed
	Minnesota Population Annual Growth Rate	0.41%	Growth
	Total Visitors to Minnesota (2022)	76,600,000	Visitors
Local Figures			
	Wayzata Population (2022)	4,434	People
	Wayzata 21+ Population %	85.2%	of Population
	Wayzata 21+ Population (2022)	3,778	Adults
	Wayzata Population (3-miles)	35,679	People
	Wayzata Population (5-miles)	117,891	People
	Wayzata Median Age	56.5	Years Old
	Wayzata Median Household Income	\$118,456	Income
	Hennepin County Unemployment Rate (Feb 2024)	3%	Unemployed

⁸ United States Census Bureau, "Wayzata city, Minnesota"
https://data.census.gov/profile/Wayzata_city,_Minnesota?g=160XX00US2768818

Wayzata Traffic Patterns

Wayzata is located on the northern coast of Lake Minnetonka, not only acting as the “Gateway” to the lake via car but also attracting significant boating traffic, as referenced in the *Daily Traffic Volumes* overview below. Lake Minnetonka is the 10th largest lake in the state, with over 100 miles of shoreline, and many of those who live on the lake use a wide range of watercraft like boats, jet skis, and kayaks. The lake hosts thousands of boats in the water each spring and summer, providing neighboring visitors and tourists access to the town of Wayzata by other means outside of normal street and highway traffic. Additionally, Wayzata’s main streets, Lake Street and Wayzata Boulevard, which connect the downtown areas, see up to 30,000 vehicles drive through per year. US Highway 12 also runs right through Wayzata, attracting those traveling to and from the Twin Cities and connecting the east side of the state to the west.



Population Growth

POPULATION GROWTH			
Statewide Population Growth		Total	21+
	Minnesota Population 2023	5,737,729	4,228,706
	Minnesota Population 2024	5,761,253	4,246,044
	Minnesota Population 2025	5,784,874	4,263,452
	Minnesota Population 2026	5,808,592	4,280,933

	Minnesota Population 2027	5,832,408	4,298,484
	Minnesota Population 2028	5,856,321	4,316,108
Wayzata 3-mile Population Growth		Total	21+
	Wayzata Population (3-mile) 2024	35,825	30,523
	Wayzata Population (3-mile) 2025	35,972	30,648
	Wayzata Population (3-mile) 2026	36,120	30,774
	Wayzata Population (3-mile) 2027	36,268	30,900
	Wayzata Population (3-mile) 2028	36,416	31,027
	Wayzata Population (3-mile) 2029	36,566	31,154
Wayzata 5-mile Population Growth		Total	21+
	Wayzata Population (5-mile) 2024	118,374	100,855
	Wayzata Population (5-mile) 2025	118,860	101,268
	Wayzata Population (5-mile) 2026	119,347	101,684
	Wayzata Population (5-mile) 2027	119,836	102,101
	Wayzata Population (5-mile) 2028	120,328	102,519
	Wayzata Population (5-mile) 2029	120,821	102,939

V. OPERATING PLAN

A. Site Specifications & Parameters

The City would take all necessary preparations to ensure that construction and site improvements can commence immediately upon the award of a retailer license by the OCM.

The property would be:

- Strategically selected to ensure proximity to Wayzata's downtown area, attracting customer foot traffic, and ease of access from major freeways and heavily trafficked boat docks to encourage tourist and transient day traffic to the retailer when driving or boating through the Lake Minnetonka area;
- A secure, licensed establishment where individuals over the age of 21 or those with qualifying medical conditions can legally purchase cannabis and cannabis products for therapeutic use;
- Designed with safety and security in mind and equipped with both physical and electronic safeguards to limit employees, customers, authorized visitors, and OCM Officials' access to the property;

- Accessible and convenient, featuring a parking lot with ample parking spaces dedicated specifically to the retailer;
- Composed of all necessary operational areas, designed in accordance with Americans with Disabilities Act of 1990 (ADA) regulations, including accessible entrances and restrooms, administrative offices, and the ability to secure cannabis inventory within a centralized Vault;
- Compliant, meeting all zoning requirements as described in the Wayzata Municipal Code;
- Modern, capable of setting and maintaining the highest professional standards while operating in full compliance with local and state regulations; and
- Odor-free, featuring the best odor reduction technology available to avoid becoming a nuisance to the community.

Store Layout

The facility's design would demonstrate our commitment to customer privacy and satisfaction throughout the purchasing experience. In partnership with Point7, City of Wayzata Leadership examined dozens of site designs to understand the various design elements, security features, and accessibility considerations necessary to operate a leading dispensary, which may include, but is not limited to, the following:

- A well-conceived layout for the various retailer store dispensing activities, emphasizing customer privacy and convenience;
- A customer entry vestibule with an isolated partition for controlled access and reduced foot traffic monitored by a Security Agent to ensure a discreet, safe purchasing experience;
- Strategically spaced point of sale (POS) stations, facilitating the private communication between customers and Retail Agents, and enabling comfortable, confidential conversations about customer needs, desired results, product types, brands, and any other questions they may have;
- Clear and well-lit signage identifying the facility, customer entrance, and customer parking;
- Separate monitored entrance for customers and/or legal guardians;
- Dedicated parking for customers, including handicapped parking stalls and express curbside pickup;
- Spacious and well-lit walkways and handicap ramp leading to the inconspicuous customer entrance;
- Separate, access-controlled parking lot entrance for employees and Delivery Vehicles;
- Separate, access-controlled building entrance for employees, Delivery Vehicles, government officials, and authorized vendors;
- Welcoming color scheme consisting of [describe color Scheme] that would complement the natural tones of the furnishings, fixtures, and decorative items curated from the local community;
- ADA-Compliance for all entries, exits, bathrooms, walkways, and aisles within the retailer and include automatic door push plates;
- Lowered counters and mobile tablets featured in the design concept to demonstrate our commitment to providing accessibility;
- Consultation room to assist customers with their product selection before patients make their final purchase at a point-of-sale terminal;
- Displays of different types of cannabis products offered, prices, and information sheets for the entire product catalog; and

- Self-guided learning tools within the retailer to educate customers.

Accessibility

The retailer facility and dispensary areas would be designated as Restricted-Access Areas and Limited-Access Areas. A Restricted-Access Area is any area in which customers, legal guardians, or unauthorized persons are prohibited access. These areas would only be accessible by retailer employees and would exist behind a physical barrier with a mechanical locking device that is compliant with OCM regulations. Any door separating a Restricted-Access Area from a Limited-Access Area would be made of metal, hung on a metal frame with hinges that are protected from ingress, and closed at all times. Limited-Access Areas are secure, customer-facing areas that are accessible with permission from a retailer employee and equipped with electronic locking measures. Limited-Access Areas may maintain cannabis or cannabis products but are inaccessible by customers or authorized visitors. All areas of the retailer would be under constant video surveillance, with emphasis on video surveillance in areas containing cannabis and cannabis products.

B. Descriptions of Products and Services

The dispensary would offer cannabis products that reflect the community and its values. The General Manager would work with distributors that carry a diverse range of product categories and price points to meet the various demands of our local community and the greater Hennepin County area. The General Manager would select products featuring compliant packaging and labeling, appealing brand designs, and an appropriate fit with our consumer market. The dispensary would offer a variety of cannabis products featuring different methods for consumption with the goal of meeting each customer's personal preference, wellness, and financial means.

Point7 has recommended that the store carry the following product cannabis products once fully operational in Wayzata:

- Pre-packaged and pre-rolled flower
- Vaporizer cartridges
- Edibles
- Tinctures
- Topicals

Customers in Wayzata, Minnesota, and the surrounding region may turn to cannabis for a variety of personal reasons, and the dispensary would carry cannabis products specifically tailored to these diverse needs.

Vendor Relationships & Volume Purchases

The General Manager would commit to do business with small, diverse, and local companies who share our core values. By creating vendor relationships through a local-first policy emphasizing diverse ownership, the General Manager would commit to the belief that building and maintaining mutually respectful relationships would contribute to the successful growth of our company and the greater Wayzata community.

Non-Cannabis Supplies & Equipment Purchases

The General Manager would work with identified vendor partners who would offer bulk discounts for products, equipment, packaging, and other necessary business materials and supplies. Bulk purchasing would keep product unit prices lower and provide us with the flexibility to offer

customers better product affordability. In order to fortify strong connections with the local community, the General Manager & Head of Compliance, in tandem with our team, would actively engage with local business owners. Such collaborative efforts are expected to strengthen community bonds and promote mutual growth and community safety.

Strategic Wholesale Partnerships: The General Manager would develop a Wholesale Vendor Program to vet wholesale partners who achieve efficiencies in supply chain management and offer various competitively priced products. This due diligence would also help to achieve our goal of offering equal opportunity to potential diverse suppliers. The internal evaluation process would ensure all products are safe for consumption and adhere to our high standards for compliance, quality, sustainability, and ethically made products. Furthermore, this high-level vetting process in product sourcing would promote education and transparency throughout the supply chain, ultimately benefiting the customer. When possible, the General Manager would prioritize diverse suppliers, such as minority-, veteran-, or women-owned businesses, so long as they meet our standards of compliance, quality products, ethics, transparency, reliability, and effective communication. Additional consideration would be taken for suppliers focused on social equity and environmental impact.

The General Manager would identify vendors and products for the retailer's initial inventory before commencing operations. Sales performance would be reviewed quarterly, evaluating each product offered in the dispensary. The Leadership Team understands the value of reliable, long-lasting supplier relationships and would maintain ongoing communication with vendors to stay current on wholesale inventory, new product offerings, sales, and discounts. Vendors would be encouraged to conduct product training with our retailer staff to support knowledgeable and effective customer interactions.

C. Sales Strategy Summary

The following sales strategy would be enacted once the dispensary is operational.

The dispensary's customer experience would reflect the excitement and nautical air of Wayzata and the north shore of Lake Minnetonka. Wayzata is known as the "Gateway to Lake Minnetonka," and the dispensary's design would embrace and celebrate the unique aesthetic and charm of this lakeside town. Inspired by the beauty of Lake Minnetonka, the quaint downtown streets, and the rich heritage of Wayzata, the dispensary would reflect the essence of quiet luxury and inviting warmth that defines this beloved sailing destination. From the meticulously selected products to the thoughtfully designed retailer space, the dispensary would welcome visitors and residents alike while embodying understated elegance in the dispensary's brand and facility.

Upon entering the facility's Sales Area, Retail Agents would be equipped with handheld tablets that have access to educational and product information and are connected to our POS system. Using the tablet, Retail Agents would guide customers in one-on-one consultations throughout the Sales Area, adding selected products in real time to the POS System's virtual shopping cart. Once product selection is finalized, customers would pay for their orders at the POS counter, and completed orders would be available for pickup at the Order Pick-Up Window.

Pricing Strategy

The following pricing strategy considers market supply and demand factors as well as the provision of competitive market prices to capture a larger market share while meeting the demands of an increased customer base. Once initial pricing has been established, the General

Manager would continually monitor and adjust pricing based on market fluctuations every 30 days. The General Manager would consistently track sales data and study retail performance to optimize pricing. These metrics would include, but are not limited to, daily sales, volume of transactions, length of transactions, and average transaction amounts.

The General Manager would continuously study cannabis trends by accessing information from strategic partners and analytics companies, as well as conducting a competitive analysis of other retailers.

Although product pricing is not available for Minnesota businesses at this time, Point7 created the following product pricing assumptions based on pricing research conducted in similar newly upcoming cannabis markets:

PRODUCT PRICING ASSUMPTIONS		
Product Category	% of Average Sale	Average Price Per Unit
Flower (3.5g)	17.0%	\$41.85
Flower (7g)	8.0%	\$110.00
Pre-Roll 5-pack (3.5g)	14.0%	\$45.00
Bulk Flower Trim (7g)	12.0%	\$50.00
Vaporizer Cartridges (500mg)	15.0%	\$75.00
Extracts (500mg)	14.0%	\$50.00
Edibles (100mg)	9.0%	\$30.00
Beverages (100mg)	3.0%	\$25.00
Other Cannabis Products (100mg)	7.0%	\$35.00
Non-Cannabis Goods	1.0%	\$20.00

VI. MARKETING STRATEGY SUMMARY

Marketing Plan

An effective Marketing Plan requires a deep understanding of the business model, competition, industry, and regulatory requirements, as well as a clear understanding of the Company's values, goals, unique selling proposition, and a consistent alignment between messaging and the target market. This Marketing Plan describes the go-to-market activities for the dispensary as well as summarizes marketing and sales strategies.

Marketing efforts would be led by the General Manager & Head of Compliance, in partnership with the City's Communications Coordinator. Together, they would implement each of the marketing strategies:

Marketing & Advertising Compliance

The General Manager & Head of Compliance, and the Communications Coordinator would ensure all marketing materials, campaigns, and advertisements comply with OCM regulations regarding the marketing, advertising, and promotion of the cannabis business and its products.

The dispensary business would not engage in any form of advertising that:

- Contains any statement or illustration that is false or misleading;
- Promotes overconsumption of cannabis or cannabis products;
- Depicts the actual consumption of cannabis or cannabis products;
- Depicts a person under 21 years of age consuming cannabis;
- Makes any health, medicinal, or therapeutic claims about cannabis or cannabis-infused products;
- Includes the image of a cannabis leaf or bud; or
- Includes any image designed or likely to appeal to minors, including cartoons, toys, animals, or children, or any other likeness to images, characters, or phrases that is designed in any manner to be appealing to or encourage consumption of persons under 21 years of age.

The dispensary business would not give away cannabis or cannabis products by conducting games or competitions related to the consumption of cannabis or cannabis products or by providing promotional materials or activities of a manner or type that would be appealing to children. The dispensary business would also require all product vendors to comply with OCM regulations regarding the packaging and labeling of cannabis products.

Delivery Methods

A \$40,000 budget has been established for initial marketing expenses and an additional \$30,000 per month has been established for ongoing marketing expenses.

Initial marketing expenses encompass activities such as website development and original brand development while the monthly marketing budget would be used to cover ongoing marketing activities, such as digital strategy, printing, and social media marketing. The General Manager & Head of Compliance would track key performance indicators (KPIs) to determine the success of marketing campaigns and would continually develop and test new marketing methods.

The following integrative marketing campaign elements would be enacted to maximize customer awareness and loyalty:

Website	The website would incorporate a robust Search Engine Optimization (SEO) strategy with SEO-optimized content to increase the website's organic traffic by making it more discoverable by potential consumers conducting online searches for cannabis information, pricing, or services. The website would feature an age-verification tool for visitors before entering the site to prevent minors from accessing it, as well as a filter for European or international website visitors' consent for online data collection. The site would have the latest user interface and user experience elements that streamline the customer's journey. The website would feature a simple yet elegant user interface for all customer types, including those who may not be technology savvy. It would feature an informative yet easy-to-navigate live menu, accompanied by product information and supporting media content that encourages customers to connect with us in person or on social media.
----------------	---

Search Engine Optimization	Our SEO strategy would be designed to proactively develop content focused on providing answers to the myriad of questions potential customers may have about the rapidly evolving cannabis industry. The Communications Coordinator would utilize relevant keywords, phrases, and questions to drive organic traffic to the site, including information about legal adult-use purchasing restrictions, public consumption restrictions, education on products and effects, and similar information about dosing recommendations and dealing with an adverse event. Featuring this SEO-optimized content would lead customers to our website and eventually to our retailer. The goal is to be an educational source for customers to help them safely navigate the cannabis industry.
Geofence Advertising	This method of advertising makes use of the Global Positioning System (GPS) to make a hyper-localized digital boundary around an area to send a digital advertisement to any social media or search platform that enters or leaves the marked area, targeted exclusively toward adults over the age of 21 years. As a marketing tool, these boundaries can send a paid advertisement for promotional offers or discounts, which more often than not result in the potential customer visiting the business that sent the signal. Geofencing is possible on Facebook, Instagram, Twitter, and Snapchat, with options to customize specific settings to target a specific audience, such as people who “like” other cannabis brands or groups. It is also possible to set up a temporary georeference around a live event happening in the local area.
Internet Listings	The Communications Coordinator would utilize digital online platforms like Weedmaps and Leafly, which are trusted platforms viewed by 20 million users monthly where interested parties can research products, find retailer locations, and view real-time pricing. Weedmaps is currently listing Minnesota dispensaries for customers, leading to increased adoption by adult-use consumers who look to the consumers for best practices.
Social Media	The Communications Coordinator would establish a social media presence on Instagram, Facebook, Twitter, and LinkedIn to engage with potential customers. Educational and informative content would include location, hours of operation, and current events. These tools would help magnify online presence and generate customer trust by actively connecting customers with relevant content via vendor and customer spotlights that would share the stories of people in the Minnesota cannabis industry.
In-Store Events	In partnership with licensed and vetted cannabis cultivators, cannabis processors, wholesalers, transporters, and cannabis micro/mezzo businesses, the Communications Coordinator would develop an in-store pop-up program where customers can interact with vendor companies. The Communications Coordinator would host these “Meet n’ Greet” events every month so customers can explore new brands and receive detailed information about various products and their intended benefits. Each event would be promoted through co-branded digital campaigns to alert customers about the event, garner more participation from interested customers, and increase customer engagement.

Retailer Hosted Events & Email Newsletter	The Communications Coordinator would develop a schedule of retailer-hosted events, such as regulatory Q&A seminars, educational workshops surrounding the products best aligned to customer needs, and how to talk about cannabis consumption to friends and family. Through these direct interaction programs, the Communications Coordinator would develop an opt-in email distribution list for customers interested in receiving communications about retailer promotions, product education information, and industry-related news.
Industry Events & Participation	Tradeshow and event presence is another important tool for us to develop a leadership reputation in the local cannabis industry. Each event would include clear pre-conference communication plans to promote a well-branded exhibitor presence and foster strategic relationships with potential cannabis cultivators, cannabis processors, wholesalers, transporters, and cannabis micro/mezzo businesses.
Loyalty Programs	The Communications Coordinator would establish a loyalty program where customers can opt-in to earn points for every purchase and receive discounts after reaching specific purchasing tiers. The loyalty program would be a number-coded, anonymized identification system to allow customers to earn points for every dollar spent, unlocking benefits such as discounts and access to special promotions. Further points would be awarded to customers who round up their purchase to the nearest dollar or donate to local community organizations to be selected upon licensure. Members of the loyalty program would also receive seasonal and monthly discounts and be notified about special product release offers from strategic partners. Our loyalty program would be anonymous, and members would be assigned a coded identification number to prevent collecting personal customer information without prior consent, pursuant to industry best practices and state regulations. Limiting access to member events, rare products, and special merchandise releases would drive membership to our loyalty program, further leading to increased repeat customer visits and sales. This level of customer attention would promote the growth and retention of a loyal and frequent customer base.

Retail Services & Customer Engagement

Vendors would sponsor pop-up events in the dispensary so cannabis brand representatives may engage with customers, discuss products, and disseminate marketing and educational materials. Customers would be provided with educational resources containing specific information about each product available at the dispensary, including the product's intended benefits and potential risks.

In addition to educational resources, the dispensary may elect to host educational events and product workshops elsewhere in the community, allowing customers, or those interested in potentially making a purchase in the future, the opportunity to ask questions while receiving more in-depth product knowledge and resources. The retail sales strategy outlined in this section positions the dispensary business for sustainable growth, developing a large and active customer base in a highly competitive market.

Customer Care Program

To serve specific customer groups who face financial hardships in Wayzata, a Customer Care Program would be enacted. The Customer Care Program would ensure qualifying seniors, economically disadvantaged, terminally ill, and military veterans would be provided with discounted products. Established policies would determine how customers qualify for the program's discounted cannabis and cannabis products and offer discounts to active military members if they are experiencing financial hardship or are otherwise qualified. Recognizing insurance providers typically do not provide coverage for cannabis treatments, customers with serious conditions may face financial strain. This Program would help mitigate cost challenges by offering qualifying customers discounts to ensure they have access to top-tier cannabis remedies.

Affordable cannabis product options would be made available as well as customer education regarding dosage to aid customer recognition of how price per dose is affected by product concentration. For instance, a highly concentrated product may seem to be more expensive than a diluted product when, in fact, it may be the most affordable option after evaluating the cost per dose.

VII. COMMUNITY ENGAGEMENT

Point7 developed the following Community Engagement Plan Summary for use by the City of Wayzata if the City decides to apply for a cannabis business license. This is typically a required section and serves as an opportunity for Applicants to discuss the specific actions they will take to enact a community engagement plan. For a municipal Applicant, such as the City of Wayzata, this section truly describes how the City will engage with community stakeholders and address common concerns associated with dispensary operations. This Section is written from the perspective of the City ("Our" and "We") and may be amended by the City as appropriate or required.

Overview of Community Engagement Strategy

Our Leadership Team is passionate about becoming a vital member of the greater cannabis business community in Minnesota and has crafted a deliberate, thoughtful community engagement strategy that demonstrates our commitment to providing effective and productive community benefits. Our Community Engagement Plan describes the current and future benefits the proposed retailer operation would provide to our local community of Wayzata, including volunteer programs and financial support of service activities and organizations. In seeking to create an overall positive economic impact, we are always open to further input on community benefits initiatives beyond this Plan and would implement a community feedback system to continually seek input from our community members and residents. Our mission is to make meaningful contributions that extend beyond business operations to positively impact Wayzata, Hennepin County, and the surrounding communities.

Community Outreach & Involvement

The General Manager, under the guidance of the Deputy City Manager, would reevaluate the Customer Care Program and Community Engagement Plan each quarter, creating a Progress Report indicating the goals achieved, progress made, and areas requiring improvement. The General Manager and Deputy City Manager would measure all community- and customer-centric initiatives and campaigns to effectively evaluate our CSR programs in Wayzata

and Hennepin County. The General Manager and Deputy City Manager would also draft an annual Community Impact Report to reference when considering current and new community involvement, which would be made available to the OCM upon request.

To effectively support the tight-knit community of Wayzata, our local team understands the importance of maintaining compatibility with other commercial businesses and residences in the immediate neighborhood. Our Leadership Team would work proactively to communicate with residents and businesses continuously during any construction phases. We would ensure our retail business is prepared to operate in a continuously compliant manner, treating security and local concerns as our top priorities.

The announcement of a new cannabis business within a community can often cause concern among local residents and businesses due to the nascent status of cannabis programs throughout the country and a general lack of education about the benefits of legal cannabis. As a local team, we aim to contribute further to our community, maintaining an open dialog with our community's residents and businesses to respond to concerns and suggestions seriously and to enact meaningful updates and improvements to our policies and procedures. By constantly finding unique ways to partner with neighbors and county policymakers alike, we would strive to contribute to the improvement of Wayzata and the broader Hennepin County community.

Our Leadership Team has spent considerable time in community and State meetings, listening to citizens and policymakers, members of law enforcement, and State-elected officials to proactively understand existing concerns and fears that exist relative to cannabis business operations. These conversations would inform our Complaint Mitigation and Response Plan, as well as the development of many internal policies and procedures. To be the best possible community stewards, we have created a Community Engagement Approach strategy, summarized below, and would enact a Community Engagement Plan, summarized in the *Community Engagement Plan* section below. By taking a proactive approach, actively listening, and encouraging community stakeholders to discuss existing or perceived concerns openly, we would be able to develop internal operating procedures and policies through a preventative lens aimed to drastically reduce any reasons for a citizen, customer, or business to report complaints about the retailer.

Approach to Community Engagement

We've developed a three-pronged community engagement approach, which would be followed each time a new initiative or program is under consideration to ensure the Plan truly suits the community and is meaningful, targeted, and aligned with community goals.

- 1. Understand & Reassess Community Needs:** The Communications Coordinator, in collaboration with the Deputy City Manager would be responsible for all community engagement. They would play an important role in our retailer operations to ensure local considerations remain a significant priority in our business planning and would be tasked with understanding evolving community needs and evaluating how we can best provide appropriate support. To that end, we would host community meetings and actively seek opportunities to learn more about the community's opinions of the retailer and its strategic direction. We would use this forum to engage with local business members in identifying how we can contribute to collaborative efforts within our community. We would create an online form on our website to facilitate the submission of feedback from community members relative to our community initiatives, and we would regularly evaluate our community engagement activities.

2. **Develop & Implement Program:** The Communications Coordinator, in collaboration with the General Manager and Deputy City Manager, would identify local nonprofit organizations and community groups whose work aligns with our values and would engage with these groups to identify how we can best support their efforts.
3. **Community Feedback and Response:** We would provide local law enforcement and all neighboring businesses with our point of contact information, including phone number and email address. We would ensure the community is able to reach our primary points of contact in all matters related to community engagement, including preventative and proactive complaint response. We would be immediately notified if there are concerns of any kind voiced by the community and would proactively engage with community leaders and retailer neighbors to develop a rapport and open lines of communication. The Leadership Team would manage our direct email account where customers or local community members can directly contact our organization. This email address would be prominently displayed on our website, on all printed materials, on all neighborhood-related communications, and on the exterior of the retailer's main doors. The Leadership Team would check this email account daily, and each member of our team would be trained on complaint receipt and response, including recording the individual's full name, contact information, and all specific information related to the comment or complaint. We would also encourage feedback from the local community by providing a submission form on our website.

Community Engagement Plan

As part of its mission, our retail business would be dedicated to fostering socio-economic growth in Wayzata and making positive contributions to the local community. This commitment manifests in various forms, including sustainability efforts, volunteering, direct and indirect job creation, career enhancement opportunities, and inclusive workforce initiatives. Preference would always be given to local suppliers and service providers, creating a ripple effect that boosts local economic activity. Alongside economic contributions, we have begun exploring opportunities and initiatives encompassing multiple areas including:

- **Sustainability:** Efforts aimed at reducing the environmental footprint and encouraging responsible business practices.
- **Employee Engagement:** An Employee Paid Volunteering Program that encourages staff to engage with the community.
- **Local Supply Chain Involvement:** Prioritizing local suppliers and service providers to stimulate the local economy.
- **Job Creation:** Through targeted recruitment initiatives, we would create more job opportunities for local residents and provide opportunities for employees to bolster the local economy.

Sustainability

We would develop and employ environmentally friendly practices in the retailer operation to ensure sustainability within the retail environment. These practices, including energy-saving equipment and eco-conscious strategies, would not only benefit the environment but also enable us to reduce operational costs. Over time, these sustainable practices would contribute to our ability to offer consistent and affordable cannabis products to the consumer population in Wayzata. By focusing on sustainability in the retail setting, we demonstrate a commitment to environmental responsibility, aligning with broader community values and setting a standard for the industry.

We are deeply committed to sustainability and environmental stewardship, both during the buildout phase and throughout long-term operations. Recognizing the environmental challenges in the cannabis retail sector, we aim to minimize our ecological footprint by reducing resource consumption and investing in eco-friendly technologies. This sustainable approach not only aligns with our environmental values but allows for operational cost savings, enabling us to offer high-quality cannabis products at consumer-friendly prices. By integrating sustainability into every aspect of the business model, we strive to set a new standard for responsible and conscious practices within the industry.

We would employ efficient operational methods and advanced retailer modeling to leverage state-of-the-art automation technologies. In doing so, we would operate more effectively and efficiently, translating to customer cost savings. Energy-efficient technologies proven successful in other business sectors would be adapted to serve the needs of the cannabis retail industry, including:

- Automated inventory tracking systems to reduce wastage and ensure optimal stock levels;
- Energy-efficient LED lighting in the retailer to reduce electrical costs;
- Energy-saving HVAC systems designed for optimal climate control while reducing energy consumption; and
- Advanced point-of-sale systems that streamline sales processes and reduce labor costs.

We would consistently allocate resources toward strategies to ensure long-term sustainability in this rapidly evolving sector. By focusing on efficiency in retailer operations, we would better control operational and labor costs, ultimately translating into affordable products for our customers.

Supply Chain Management and Local-Centric Supplier Program

We have developed the *Hennepin County First Supplier Program*, which requires our team and employees to prioritize working with local third-party suppliers who align ethically with our values for day-to-day supplies and services. The core tenet of the program is to source from diverse businesses in Wayzata and neighboring communities in the Hennepin County area, whenever possible, from non-cannabis retailer supplies to various business services ranging from printing and marketing, equipment installation, and facility-related maintenance. This list would be collaboratively developed by our team, and we would engage with local businesses and contractors who share a commitment to sustainability, social engagement, and support enrichment in the lives of local residents.

By bringing on local partners with strong ties to Hennepin County, we hope to positively impact Wayzata and Hennepin County's economies, improve perceptions of the cannabis industry, and develop a business model that meets the needs of the community. Post licensure, we would:

1. Actively work to become a link between the state's cannabis industry and other local businesses, developing a list of preferred partner companies in Wayzata.
2. We would prioritize businesses designated as small, diverse businesses with classification as a (1) Women business enterprise (WBE); (2) Minority business enterprise (MBE); (3) Disabled business enterprise; (4) LGBTQ business enterprise; or (5) Veteran business enterprise.
3. We would prioritize companies that share a similar vision and corporate values, specifically companies with hiring practices that emphasize diversity, and the hiring of individuals disproportionately impacted by cannabis criminalization.

Our team would engage local businesses to provide the wide range of products and services required for an enterprise of its size and complexity, including packaging materials, office supplies, technology systems, equipment, and business services. We already have existing relationships with Wayzata-based vendors and look forward to solidifying partnerships upon receiving licensure.

Job Creation & Targeted Recruitment Initiatives

As part of its commitment to Wayzata, we would first and foremost focus our recruitment efforts within the community we call home. Our team would apply proven principles of diversity, equity, and inclusion in all hiring practices and would adopt socially conscious business practices to help impoverished community members living in Wayzata and Hennepin County. We would publish retailer role openings in a variety of media to reach a diverse range of candidates and would implement strategic recruitment policies to ensure job listings effectively reach communities disproportionately impacted by cannabis prohibition and poverty. Our team would also seek opportunities to host, sponsor, and/or participate in local and regional diversity job fairs in order to reach a broader range of candidates and attract candidates from disproportionately impacted communities.

Community Communication & Collaboration

The General Manager & Head of Compliance would facilitate meetings to discuss observed challenges, complaints, or opportunities for greater collaboration within the Wayzata community. At the end of each year, the dispensary's Leadership Team would voluntarily produce a Community Assessment Report outlining the most important concerns raised throughout the past year and document our respective responses and actions taken to address these issues. The report would summarize our efforts related to the community engagement implementation process as well as updates pertaining to the financial, philanthropic, and volunteer program efforts in Wayzata and Hennepin County.

By providing the local community with these statistics and communications, the dispensary staff would be able to educate community members on the economic and social impacts of this evolving industry and business. The dispensary staff would take a proactive approach to community engagement to help neighbors understand the nature of our business. The dispensary would also encourage all community members to submit questions so the dispensary can address any fears or concerns raised.

Guided by Point7, the City of Wayzata has begun to explore what community commitments and education may look like to ensure active, two-way communication about the proposed retailer:

1. ***Open Door Policy:*** Upon licensure, the dispensary business would implement an Open Door Policy, encouraging community residents, law enforcement, and employees to feel welcome and comfortable contacting us to discuss ideas or concerns. This policy would lead to collaborative, transparent, and successful long-term partnerships.
2. ***Community Roundtable:*** The dispensary business would organize and host regularly scheduled roundtable discussions comprised of representatives from nonprofit organizations, customers, county commissioners, and local business owners. To discuss community initiatives, such as giving campaigns, in-kind donation drives, and additional volunteer efforts.

3. **Door-to-Door Canvassing:** Designated, trained personnel would regularly canvas the facility's neighborhood to meet and greet business owners and residents to introduce ourselves and develop relationships. During these face-to-face engagements, dispensary staff would answer questions, arrange meetings, address concerns, and supply additional information on how the dispensary can better integrate with and support our neighbors.
4. **Career Fair:** In order to recruit local candidates for open employment roles and build the best staff possible, our recruitment efforts would begin with participation in a local career fair after receiving a license. At the career fair, our Leadership Team would have an opportunity to meet with local candidates to explore employment opportunities and assess how individual skills and prior job experience may translate to a career in the cannabis industry. The dispensary would provide educational materials to career fair attendees with the information needed to pursue job opportunities relevant to their skill set.
5. **Official & Law Enforcement Tours:** The dispensary would foster positive, strong relationships with city and state officials, including members of law enforcement, is critical to becoming a strong community partner and establishing a positive reputation for ourselves. The dispensary would seek written approval from the OCM to conduct a facility walkthrough with our community's first responders to familiarize themselves with the facility and receive their professional feedback.
6. **Ribbon-Cutting Event:** The dispensary would host a ribbon-cutting event when the dispensary opens its doors for operation at the retailer and invites the entire staff, neighboring business owners, members of law enforcement, and local media. The dispensary would photograph the event and share the ceremony on our website and social media channels.
7. **Fundraisers & Community Events:** The dispensary would pursue direct engagement with the community through fundraisers for charitable causes and other community benefits intended to create a positive awareness for our cannabis business. The dispensary would proudly offer all employees a volunteer calendar that lists volunteer opportunities that are in alignment with our values. The dispensary would believe helping others has a positive impact on everyone and would identify local events and sponsorship opportunities in Hennepin County.
8. **Public Information & Community Education Webinar:** As part of its commitment to transparent communication and community service, the dispensary business would host a Public Information Webinar annually. This webinar would provide essential updates and information to Wayzata residents regarding the retailer, including relevant regulation changes, changes to products, hours of operation, and guidelines for the proper, safe, and legal consumption of cannabis products. Concurrently, the dispensary business would implement an educational initiative tailored to customers, visitors, and vendors, focusing on the potential health benefits of cannabis products, particularly for individuals suffering from debilitating diseases.

VIII. FINANCIAL PROJECTIONS

Point7 developed the following financial assumptions utilizing conservative revenue projections based on best practices for estimating customer counts, average consumption rates, product category breakdown, and growth metrics. Projected expenses are meant to be comprehensive

of all foreseen and unforeseen costs, but we have earmarked an additional cash reserve for all cost overruns. The Deputy City Manager would review actual performance against projections weekly in order to maintain strict fiscal controls over our financial expenditures.

Go-to-Market Timeline

Upon potential receipt of licensure, the City would immediately initiate facility buildout and renovations; pass City inspections; hire and train qualified staff; and set an opening launch date.

Revenue Assumptions

The revenue model uses assumptions based on the local market's population, projected product mix, and average consumption rates, referenced in the tables preceding this section. Point7 developed the following four unique Scenarios, each with its own revenue forecast and startup budget:

1. Scenario 1: Delivery Partner, Full Buildout - Pro Forma Analysis
2. Scenario 2: Delivery Partner, Lease/Renovate - Pro Forma Analysis
3. Scenario 3: Internal Delivery, Full Buildout - Pro Forma Analysis
4. Scenario 4: Internal Delivery, Lease/Renovate - Pro Forma Analysis

The scenarios are described further below.

Customer Base Analysis

An estimated 30,532 people residing in the local market over the age of 21 years may be interested in a retail storefront within a 3-mile radius around the proposed location. Point7 assumed an additional 20% of the projected Wayzata 21+ (3-mile) population to account for additional traffic from neighboring municipalities, resulting in a total addressable market of 36,778 adults. Based on average consumption rates and the expected initial competition of illicit market sellers, Point7 estimates a resulting 850 monthly storefront customers would visit the retailer on average each month for the first year of operations. Additionally, Point7 anticipates annual festivals are expected to attract around 50,000 tourists to the area during select months, with an estimated 1,155 of these visitors likely to shop at the storefront during June and September.

ANALYSIS OF LOCAL MARKET SHARE			
STOREFRONT: Estimated Initial Customer Base (Y1)			
	Wayzata 21+ Population 3-mile	30,648	Adults
	(plus) Additional Traffic (20% of Local Population)	6,130	Adults
	Total Addressable Market	36,778	Adults
	(multiplied by) % Adult Use Customers	14.0%	
	Total Target Market	5,149	Adults
	(multiplied by) % Legal Market Adoption	50.0%	
	Total Realizable Market Potential	2,574	Adults
	(multiplied by) % of Local Market Share (1/3)	33%	
	Total Monthly Storefront Customers	850	Adults
	(plus) Seasonal Event Tourism (M6, M10)	1,155	Adults (Customers)

DELIVERY: Estimated Initial Customer Base (Y1)				
	Wayzata 21+ Population 5-mile	101,268	Adults	
	(plus) Additional Traffic (20% of Local Population)	20,254	Adults	
	Total Addressable Market	121,522	Adults	
	(multiplied by) % Adult Use Customers	14.0%		
	Total Target Market	17,013	Adults	
	(multiplied by) % Legal Market Adoption	50.0%		
	Total Realizable Market Potential	8,507	Adults	
	(multiplied by) % of Local Market Share (1/8)	12.5%		
	Total Monthly Delivery Customers	1,063	Adults	

Customer Spend Analysis

The Office of Cannabis Management in Minnesota conducted a demand study and published a subsequent report in January 2024 entitled '[An Examination of Cannabis Consumers and Cannabis Demand in Minnesota](#).' Point7 relied upon these study findings to forecast what customer consumption and spending may look like, in order to develop the revenue models described herein. In addition to this study, Point7 examined and considered: 1) data reflecting performance in comparably sized and regulated cannabis marketplaces; 2) Minnesota local and State market data; and 3) similarly sized facility performance.

Assuming various levels of consumption rates, also known as customer archetypes, Point7 estimates an average customer spend of \$287.00 each month, resulting in a total monthly revenue of \$555,174 beginning in Year 2, Month 11. This amount also includes a 15% discount for customers who meet certain qualifications (assumed to be 10% of the customer base). When appropriate, and as the situation arises, we may issue discounts to customers in financial need. At 15% of qualifying sales, gross sales of \$563,628 per month would equal \$8,454 in discounts.

CUSTOMER ARCHETYPE PROFILES			
<u>Estimated Customer Consumption Distribution</u>			
	Conservative	\$100 per month	17.0%
	Social	\$200 per month	19.0%
	Active	\$300 per month	24.0%
	Frequent	\$400 per month	40.0%
	Average Monthly Customer Spend		\$287.00

Revenue Growth

Monthly revenue is expected to increase by 15% in Year 3, 3.5% in Year 4, 2% in Year 5 and 2% perpetually onward. These growth rates reflect a market that would grow and mature while local consumer awareness and loyalty deepens, thereby gradually capturing more and more of

the illicit market share. Projected growth is based on local demographic information, historical data in comparable, legal cannabis markets and Minnesota's anticipated cannabis marketplace.

Expense Assumptions

Two distinct budgets capture anticipated costs during the life of the retailer business. To demonstrate adequate funding, Point7 estimated initial startup expenses in each of four Startup Budgets and ongoing operating expenses in the Operational Budget. Together, these budgets detail estimated construction; operation; maintenance; employee compensation; equipment; utility; and other startup and operational costs. Expense assumptions encompass:

- **License Procurement:** License procurement fees include: the initial application submission fee for state and local; annual permit/license fees for state and local; professional third-party support from accountant, architect, lawyer, and consulting firms; and any other necessary permitting and licensing costs to bring the proposed facility to market.
- **Initial Staffing:** Initial Staffing includes all costs associated with hiring and training employees needed to operationalize the retail location. Estimated total personnel hiring, training, and background checks are expected to reach \$65,680 during the startup phase.
- **Initial Product Procurement:** Approximately \$274,500 would be spent for a 30-day supply of product in preparation for opening day. Product categories include: cannabis flower, concentrates, vaporizer cartridges, edibles, topicals/tinctures, and CBD offerings.
- **Marketing and Advertising:** Marketing and advertising includes all projected digital and print advertising methods, including website creation, search engine optimization, social media advertising, brochures, business cards, and other digital and print media. Point7 budgeted \$40,000 for marketing and advertising startup expenses, which would contribute to initial educational and youth drug-use prevention outreach efforts.
- **Startup Cost Contingency:** The startup cost contingency fund would be used to cover cost overruns from all identified expense categories or any unforeseen expense categories deemed necessary to bring the facility to market. \$84,882 has been allocated to the contingency fund, calculated as 8% of the total of all other startup expenses.

Scenario-specific versions of the Startup Budget are included in the four subsections, below, entitled Scenario 1, Scenario 2, Scenario 3 and Scenario 4.

Operational Budget

Point7 projected the annual Operational Budget to reach \$160,966 in the first months of operations, including assumptions for selling; general and administrative operations; maintenance; employee compensation; utilities; and other operational costs as outlined in *Table: Operational Budget*. Operational costs include but are not limited to community benefits; insurance; licensing; maintenance; marketing and advertising; memberships and certifications; miscellaneous expenses; office supplies; personnel; professional services; software; phone; internet; rent; utilities; vehicles; waste management; and an ongoing contingency budget. Point7 anticipates operating expenses would increase 6% annually.

Projected growth is based on comparable markets, the Leadership Team's experience in scaling revenue and expenses within local projects, and managing and shaping optimal cost savings for long-term sustainability. Point7 projected personnel expenses to reach up to \$65,680 in the first months with an estimated 12 retail-specific employees, with marginal oversight and fractional services provided by City-level employees, comprising an additional 7 city-employees who are

anticipated to devote a portion of their time on tasks ranging from oversight to Human Resources and accounting.

Entry-level employees would earn a minimum of \$17.50 per hour (at least 98% higher than the Minnesota minimum wage of \$10.59 per hour), increasing with skill level and tenure. Personnel costs are estimated to be roughly 40% of the total proposed Operational Budget. Additionally, the operation would employ a number of third-party roles, consistent with industry-best practices, for scopes ranging from security to a Certified Public Accountant and Information Technology. The monthly total of third-party support is estimated to reach \$37,500, comprising a full-time Director of Security and a minimum of three (3) Security Agents for the retail operation. These anticipated fixed operating expenses would total an estimated \$103,180 per month, or \$1.2 million annually, when factoring in fractional payments for City-Level employees, full-time retail personnel costs and benefits, and third-party services. In order to ensure long-term financial sustainability, the Deputy City Manager would implement rigorous financial controls, and key operational metrics would be reviewed weekly to guide us toward a positive, free cash flow.

Cost of Goods Sold: The average cost of goods sold would be an estimated 45%, and would require purchase orders (POs) from suppliers to ensure consistent pricing is maintained around an optimal target gross margin of 55%. Cost of goods includes the wholesale cost of goods and any other tax-deductible direct costs that can be included in this calculation. Point7 also calculated a 21% net tax on gross profits, which is derived from subtracting the cost of goods from sales revenue. This calculation is extremely important in maintaining consistent and predictable margins for long-term operations.

Operations Expenses: Operations costs would include but are not limited to: community benefits, insurance, licensing, maintenance, marketing and advertising, memberships and certifications, miscellaneous, office supplies, personnel, professional services, software and subscriptions, phone and internet, utilities, waste, and an ongoing operations contingency budget. Point7 expects operating expenses to grow by 6% annually. Projected monthly fixed and variable operations expenses would be \$160,966 per month, once operational.

Year-end operations expenses would reach \$165,549 by the end of the first year of operations, and \$177,463 by the fourth year of operations. In order to ensure long-term financial sustainability, the Deputy City Manager would implement rigorous financial controls to direct the company towards positive free cash flows. The largest operations expense is monthly personnel costs, currently projected to be \$103,180 per month when operations begin, encompassing all fractional city-employees, third-party services, and dispensary direct labor.

Personnel & Benefits Expenses: Point7 recommended hiring two full-time employees and ten part-time employees, with an additional seven fractional city-employees providing a range of services from accounting support to Human Resources and organizational oversight. The organization would also analyze alternative business models, potentially inclusive of an internal delivery/distribution team, and may employ an additional four full time employees, should the operational decision to onboard delivery internally be taken. Once the retailer reaches full operational capacity, the anticipated combined annualized payroll, inclusive of benefits, would total over \$788,164 to achieve efficient retailer operations. This figure represents each employee's base salary, with an estimated 30% addition for employee benefits burden.

OPERATIONAL BUDGET

Cost of Goods Sold			
	Average Retail Product Wholesale Cost	45%	of revenue
	Average Delivery Product Wholesale Cost	55%	of revenue
Operating Expenses			
	Annual Licensing Fee	\$5,000	per annum
	Facility and Vehicle Maintenance (If Applicable)	\$0	per month
	Insurance	\$4,000	per month
	Marketing & Sales	\$30,000	per month
	Membership & Certifications	\$800	per month
	Miscellaneous	\$3,500	per month
	Operational Contingency (8%)	\$12,294	per month
	Personnel (SG&A)	\$65,680	per month
	Professional Services	\$37,500	per month
	Property Rent (If Applicable)	\$4,375	per month
	Security Monitoring & Software	\$1,500	per month
	Software, Phone & Internet	\$2,500	per month
	Supplies (SG&A)	\$1,500	per month
	Utilities (SG&A)	\$1,000	per month
	Waste/Janitorial Services (SG&A)	\$900	per month
	Total Operating Budget	\$160,966	per Month

Profitability Scenarios

Each of the four scenarios below contemplate a 1,750 square foot dispensary.

SCENARIO 1 - Delivery Partner, Full Buildout - Pro Forma Analysis

- **Year 1:** In Year 1, the dispensary is expected to incur an estimated \$80,000 in losses during the licensing application period before the business is operational.
- **Year 2:** Once the business is operational starting in Year 2, total revenue at the end of Year 2 is expected to reach \$1,110,349. Cost of goods sold is expected to reach \$559,776 resulting in a total year-end gross profit of \$550,573.
- **Year 3:** Annual revenue is expected to grow significantly in the first full year of operations (Year 3), increasing to \$7,998,781 in sales with gross profit of \$3,984,509 (margin of 49%), earnings before interest, taxes, depreciation, and amortization (EBITDA) of \$2,008,116, and a net profit of \$1,008,911.
 - The large difference between EBITDA and net profit is the impact of 280E accounting rules, whereby cannabis is federally recognized as illegal; therefore, operating expenses are not tax deductible.
 - **Year 5:** Revenue is expected to increase 3% annually to reach \$8,437,690 in Year 5. Net profit is expected to grow by 5% to 2% annually to reach \$1,082,207

in Year 5. Net profit is expected to grow faster than revenue as we enjoy economies of scale.

ANNUAL PRO FORMA					
FROM MONTH 1 YEAR 1 TO MONTH 12 YEAR 5					
	Y1	Y2	Y3	Y4	Y5
Sales Revenue	\$0	\$1,110,349	\$7,998,781	\$8,278,738	\$8,437,690
Cost of Goods Sold	\$0	\$559,776	\$4,014,272	\$4,154,772	\$4,234,544
Gross Profit	\$0	\$550,573	\$3,984,509	\$4,123,966	\$4,203,146
Startup Expenses	\$80,000	\$2,180,662	\$0	\$0	\$0
Operating Expenses	\$0	\$396,580	\$1,976,393	\$2,020,386	\$2,067,020
Operating Income	(\$80,000)	(\$2,026,670)	\$2,008,116	\$2,103,580	\$2,136,127
ITDA Expenses	\$0	\$135,426	\$999,205	\$1,035,054	\$1,053,919
Net Income	(\$80,000)	(\$2,162,095)	\$1,008,911	\$1,068,526	\$1,082,207
Accrued Net Income	(\$80,000)	(\$2,242,095)	(\$1,233,184)	(\$164,658)	\$917,549

Scenario 1 Startup Budget

STARTUP BUDGET	
Beginning Inventory	
Startup Marijuana Product Inventory	\$271,755
Startup Non-Marijuana Product Inventory	\$2,745
Equipment	
Water Cooler	\$500
Commercial-Grade Refrigerator(s)	\$4,000
Commercial Sink	\$800
Commercial Dishwasher	\$2,000
Break Room Kitchen Equipment	\$3,500
Point-of-Sale & METRC Technology	\$4,000
Delivery Order Management	\$0
Vault and Cash/Product Storage Equipment	\$25,000
Security Alarm, Surveillance and Key Access Equipment	\$80,000
Odor Control and HVAC Equipment	\$20,000
Delivery Vehicles (x2) (If Applicable)	\$0

	Loading/Unloading Equipment	\$0
Facility Acquisition and/or Improvements		
	Acquisition of Property (If Applicable)	\$0
	Facility Renovations or Buildout	\$1,400,000
	Temporary Utilities	\$10,000
	Security Deposit & Due Diligence	\$10,000
	Other Construction Costs	\$7,500
Furniture and Fixtures		
	Computers and Printers	\$8,000
	TV/Menu Display Fixtures	\$7,500
	Product Display Fixtures	\$10,000
	Lighting Fixtures	\$8,000
	Bike Racks	\$1,000
	Break Room and Office Furniture	\$800
	Waiting Room Furniture	\$1,500
	Sales Floor Furniture	\$1,500
Marketing and Advertising		
	Advertising Outlets	\$20,000
	Association Membership	\$1,500
	Grand Opening Event Budget	\$5,000
	Educational Material Printing	\$500
	Business Printing	\$500
	Website/Social Media Build and Setup	\$10,000
	Search Engine Optimization	\$2,500
Pre-Operational Staffing		
	Personnel Wages and Benefits	\$65,680
	Training Program Administration	\$25,000
	Employee Registration Fees (\$500 per employee on average)	\$7,500
State & Local License Procurement		
	<u>Application Submission Fee*</u>	\$2,500
	<u>Initial Licensing Fee*</u>	\$2,500
	Additional Licensing/Permits	\$1,500
	Legal Support	\$15,000
	Accounting Support	\$2,500
	Architect Support	\$15,000
	Consulting Support	\$45,000
Startup Cost Contingency (8%)		\$168,182
Total Startup Budget		\$2,270,462

Startup Budget

Estimated startup expenses itemized in the *Startup Budget Assumptions*, covers construction, equipment, and other startup costs, beginning at time of business formation and ending when the facility becomes operational.

In total, an estimated Startup Budget of \$2,270,462 would be necessary for a full ground-up buildout model including: \$84,000 for license procurement; \$40,000 for marketing; \$139,800 for equipment; \$38,300 for furniture and fixtures; \$274,500 for the acquisition of adequate inventory for the launch of operations; and a \$84,882 contingency fund for unexpected costs.

\$800 per square foot is budgeted for the construction of the potential retailer facility. Total construction costs are expected to be \$1,427,500, inclusive of all contracting, staffing, plumbing, electrical, landscaping and equipment rentals.

Furniture, Fixtures, and Equipment: Company-wide furniture, fixtures, and equipment (FF&E) include selling, general, and administrative (SG&A) FF&E; sales floor FF&E including display tables and design elements; security equipment, including alarms and cameras; delivery vehicles; point of sale (POS) and track and trace technology; and storage and odor control equipment. Company-wide FF&E startup expenses deemed necessary for building out the retailer facility are projected to reach \$178,100 over the startup forecast period. The budget allocates approximately \$917 per square foot for the interior furniture, fixtures, and equipment and full renovation and construction for the space, allowing for high-quality expenditures in line with the caliber of neighborhood restaurants and retail stores.

SCENARIO 2 - Delivery Partner, Lease/Renovate - Pro Forma Analysis

Scenario 2 contemplates a retailer business that partners with a third-party delivery services provider; leases a site that requires renovations; and begins operations in November of Year 2.

- **Year 1:** The business is expected to incur an estimated \$80,000 in losses during the licensing application period before the business is operational.
- **Year 2:** Once the business is operational starting in November, Year 2, total revenue at the end of Year 2 is expected to reach \$1,110,349. Cost of goods sold is expected to reach \$559,776, resulting in a total year-end gross profit of \$550,573.
- **Year 3:** Annual revenue is expected to grow 620% in Year 3, increasing to \$7,998,781 in sales with a gross profit of \$3,984,509 (margin of 49.8%), earnings before interest, taxes, depreciation, and amortization (EBITDA) of \$2,989,436 (margin of 37.4%), and a net profit of \$952,941 (margin of 11.9%).
- **Year 5:** Annual revenue would increase 3.5% annually to reach \$8,437,690 in Year 5. Net profit is expected to grow by 4.7% to 5.6% annually to reach \$1,019,319 (a margin of 12.1%) in Year 5.

ANNUAL PRO FORMA					
FROM MONTH 1 YEAR 1 TO MONTH 12 YEAR 5					
	Y1	Y2	Y3	Y4	Y5
Sales Revenue	\$0	\$1,110,349	\$7,998,781	\$8,278,738	\$8,437,690
Cost of Goods Sold	\$0	\$559,776	\$4,014,272	\$4,154,772	\$4,234,544

	Gross Profit	\$0	\$550,573	\$3,984,509	\$4,123,966	\$4,203,146
	Startup Expenses	\$80,000	\$1,056,112	\$0	\$0	\$0
	Operating Expenses	\$0	\$406,030	\$2,036,495	\$2,084,094	\$2,134,550
	Operating Income	(\$80,000)	(\$911,570)	\$1,948,014	\$2,039,872	\$2,068,596
	ITDA Expenses	\$0	\$134,776	\$995,073	\$1,030,674	\$1,049,277
	Net Income	(\$80,000)	(\$1,046,346)	\$952,941	\$1,009,198	\$1,019,319
	Accrued Net Income	(\$80,000)	(\$1,126,346)	(\$173,405)	\$835,793	\$1,855,112

Scenario 2 Startup Budget

Estimated startup expenses itemized in the following *Startup Budget*, covers construction, equipment, and other startup costs, beginning at time of business formation and ending when the facility becomes operational.

In total, an estimated Startup Budget of \$1,145,912 would be necessary for a leased facility requiring renovation: \$84,000 for license procurement; \$40,000 for marketing; \$139,800 for equipment; \$38,300 for furniture and fixtures; \$274,500 for the acquisition of adequate inventory for the launch of operations; and a \$84,882 contingency fund for unexpected costs.

\$200 per square foot is budgeted for the renovation of the potential retailer facility. Total renovation costs are expected to be \$386,250, inclusive of all contracting, staffing, plumbing, electrical, landscaping and equipment rentals.

Furniture, Fixtures, and Equipment: Company-wide furniture, fixtures, and equipment (FF&E) include selling, general, and administrative (SG&A) FF&E; sales floor FF&E including display tables and design elements; security equipment, including alarms and cameras; delivery vehicles; point of sale (POS) and track and trace technology; and storage and odor control equipment. Company-wide FF&E startup expenses deemed necessary for renovating the retailer facility are projected to reach \$178,100 over the startup forecast period. The budget allocates approximately \$322.48 per square foot for the interior furniture, fixtures, and equipment and full renovation of the space, allowing for high-quality expenditures in line with the caliber of neighborhood restaurants and retail stores.

STARTUP BUDGET		
Beginning Inventory		
	Startup Marijuana Product Inventory	\$271,755
	Startup Non-Marijuana Product Inventory	\$2,745
Equipment		
	Water Cooler	\$500
	Commercial-Grade Refrigerator(s)	\$4,000

	Commercial Sink	\$800
	Commercial Dishwasher	\$2,000
	Break Room Kitchen Equipment	\$3,500
	Point-of-Sale & METRC Technology	\$4,000
	Delivery Order Management	\$0
	Vault and Cash/Product Storage Equipment	\$25,000
	Security Alarm, Surveillance and Key Access Equipment	\$80,000
	Odor Control and HVAC Equipment	\$20,000
	Delivery Vehicles (x2) (If Applicable)	\$0
	Loading/Unloading Equipment	\$0
Facility Acquisition and/or Improvements		
	Acquisition of Property (If Applicable)	\$0
	Facility Renovations or Buildout	\$350,000
	Temporary Utilities	\$10,000
	Security Deposit & Due Diligence	\$26,250
	Other Construction Costs	\$0
Furniture and Fixtures		
	Computers and Printers	\$8,000
	TV/Menu Display Fixtures	\$7,500
	Product Display Fixtures	\$10,000
	Lighting Fixtures	\$8,000
	Bike Racks	\$1,000
	Break Room and Office Furniture	\$800
	Waiting Room Furniture	\$1,500
	Sales Floor Furniture	\$1,500
Marketing and Advertising		
	Advertising Outlets	\$20,000
	Association Membership	\$1,500
	Grand Opening Event Budget	\$5,000
	Educational Material Printing	\$500
	Business Printing	\$500
	Website/Social Media Build and Setup	\$10,000
	Search Engine Optimization	\$2,500
Pre-Operational Staffing		
	Personnel Wages and Benefits	\$65,680
	Training Program Administration	\$25,000
	Employee Registration Fees (\$500 per employee on average)	\$7,500
State & Local License Procurement		
	<u>Application Submission Fee*</u>	\$2,500

Initial Licensing Fee*	\$2,500
Additional Licensing/Permits	\$1,500
Legal Support	\$15,000
Accounting Support	\$2,500
Architect Support	\$15,000
Consulting Support	\$45,000
Startup Cost Contingency (8%)	\$84,882
Total Startup Budget	\$1,145,912

SCENARIO 3 - Internal Delivery, Full Buildout - Pro Forma Analysis

Scenario 3 contemplates a retailer business that is fully built-out, operates its own delivery business and begins operations in November of Year 2.

- **Year 1:** The business is expected to incur an estimated \$80,000 in losses during the licensing application period before the business is operational.
- **Year 2:** Once the business is operational starting in November, Year 2, total revenue at the end of Year 2 is expected to reach \$1,110,349. Cost of goods sold is expected to reach \$499,657, resulting in a total year-end gross profit of \$610,692.
- **Year 3:** Annual revenue is expected to grow in Year 3, increasing to \$7,998,781 in sales with a gross profit of \$4,399,329 (margin of 55.0%), and a net profit of \$1,267,118 (margin of 15.8%).
- **Year 5:** Annual revenue would increase 3.5% annually to reach \$8,437,690 in Year 5. Net profit is expected to grow by 4.7% to 5.6% annually to reach \$1,352,878 (a margin of 16.0%) in Year 5.

ANNUAL PRO FORMA					
FROM MONTH 1 YEAR 1 TO MONTH 12 YEAR 5					
	Y1	Y2	Y3	Y4	Y5
Sales Revenue	\$0	\$1,110,349	\$7,998,781	\$8,278,738	\$8,437,690
Cost of Goods Sold	\$0	\$499,657	\$3,599,451	\$3,725,432	\$3,796,960
Gross Profit	\$0	\$610,692	\$4,399,329	\$4,553,306	\$4,640,729
Startup Expenses	\$80,000	\$2,219,056	\$0	\$0	\$0
Operating Expenses	\$0	\$401,980	\$2,010,737	\$2,056,791	\$2,105,609
Operating Income	(\$80,000)	(\$2,010,345)	\$2,388,593	\$2,496,515	\$2,535,121
ITDA Expenses	\$0	\$153,312	\$1,121,475	\$1,161,230	\$1,182,243
Net Income	(\$80,000)	(\$2,163,657)	\$1,267,118	\$1,335,285	\$1,352,878

Accrued Net Income	(\$80,000)	(\$2,243,657)	(\$976,539)	\$358,746	\$1,711,624
--------------------	------------	---------------	-------------	-----------	-------------

Scenario 3 Startup Budget

Estimated startup expenses itemized in the following *Startup Budget*, covers construction, equipment, and other startup costs, beginning at time of business formation and ending when the facility becomes operational.

In total, an estimated Startup Budget of \$2,308,856 would be necessary for a full ground-up buildout model including: \$84,000 for license procurement; \$40,000 for marketing; \$202,800 for equipment; \$38,300 for furniture and fixtures; \$247,050 for the acquisition of adequate inventory for the launch of operations; and a \$171,026 contingency fund for unexpected costs.

\$800 per square foot is budgeted for the construction of the potential retailer facility. Total construction costs are expected to be \$1,427,500, inclusive of all contracting, staffing, plumbing, electrical, landscaping and equipment rentals.

Furniture, Fixtures, and Equipment: Company-wide furniture, fixtures, and equipment (FF&E) include selling, general, and administrative (SG&A) FF&E; sales floor FF&E including display tables and design elements; security equipment, including alarms and cameras; delivery vehicles; point of sale (POS) and track and trace technology; and storage and odor control equipment. Company-wide FF&E startup expenses deemed necessary for building out the retailer facility are projected to reach \$241,100 over the startup forecast period. The budget allocates approximately \$953.48 per square foot for the interior furniture, fixtures, and equipment and construction of the space, allowing for high-quality expenditures in line with the caliber of neighborhood restaurants and retail stores.

STARTUP BUDGET		
Beginning Inventory		
	Startup Marijuana Product Inventory	\$244,579
	Startup Non-Marijuana Product Inventory	\$2,470
Equipment		
	Water Cooler	\$500
	Commercial-Grade Refrigerator(s)	\$4,000
	Commercial Sink	\$800
	Commercial Dishwasher	\$2,000
	Break Room Kitchen Equipment	\$3,500
	Point-of-Sale & METRC Technology	\$4,000
	Delivery Order Management	\$3,000
	Vault and Cash/Product Storage Equipment	\$25,000
	Security Alarm, Surveillance and Key Access Equipment	\$80,000
	Odor Control and HVAC Equipment	\$20,000
	Delivery Vehicles (x2) (If Applicable)	\$50,000
	Loading/Unloading Equipment	\$10,000
Facility Acquisition and/or Improvements		

	Acquisition of Property (If Applicable)	\$0
	Facility Renovations or Buildout	\$1,400,000
	Temporary Utilities	\$10,000
	Security Deposit & Due Diligence	\$10,000
	Other Construction Costs	\$7,500
Furniture and Fixtures		
	Computers and Printers	\$8,000
	TV/Menu Display Fixtures	\$7,500
	Product Display Fixtures	\$10,000
	Lighting Fixtures	\$8,000
	Bike Racks	\$1,000
	Break Room and Office Furniture	\$800
	Waiting Room Furniture	\$1,500
	Sales Floor Furniture	\$1,500
Marketing and Advertising		
	Advertising Outlets	\$20,000
	Association Membership	\$1,500
	Grand Opening Event Budget	\$5,000
	Educational Material Printing	\$500
	Business Printing	\$500
	Website/Social Media Build and Setup	\$10,000
	Search Engine Optimization	\$2,500
Pre-Operational Staffing		
	Personnel Wages and Benefits	\$65,680
	Training Program Administration	\$25,000
	Employee Registration Fees (\$500 per employee on average)	\$7,500
State & Local License Procurement		
	<u>Application Submission Fee*</u>	\$2,500
	<u>Initial Licensing Fee*</u>	\$2,500
	Additional Licensing/Permits	\$1,500
	Legal Support	\$15,000
	Accounting Support	\$2,500
	Architect Support	\$15,000
	Consulting Support	\$45,000
Startup Cost Contingency (8%)		\$171,026
Total Startup Budget		\$2,308,856

SCENARIO 4 - Internal Delivery, Lease/Renovate - Pro Forma Analysis

Scenario 4 contemplates a retailer business that operates its own delivery services business; leases and renovates a site not owned by the City; and becomes fully operational in November of Year 2.

- **Year 1:** The facility is expected to incur an estimated \$80,000 in losses during the licensing application period before the business is operational.
- **Year 2:** Once operational (November, Year 2) total revenue at the end of Year 2 is expected to reach \$1,110,349. Cost of goods sold is expected to reach \$499,657, resulting in a total year-end gross profit of \$610,692.
- **Year 3:** Annual revenue is expected to grow in Year 3, increasing to \$7,998,781 in sales with a gross profit of \$4,399,329, operating income of \$2,328,491, and a net profit of \$1,211,148.
- **Year 5:** Annual revenue would increase by 3.5% to reach \$8,437,690 in Year 5. Net profit is expected to grow by 4.7% - 5.6% annually to reach \$1,289,990 in Year 5.

ANNUAL PRO FORMA					
FROM MONTH 1 YEAR 1 TO MONTH 12 YEAR 5					
	Y1	Y2	Y3	Y4	Y5
Sales Revenue	\$0	\$1,110,349	\$7,998,781	\$8,278,738	\$8,437,690
Cost of Goods Sold	\$0	\$499,657	\$3,599,451	\$3,725,432	\$3,796,960
Gross Profit	\$0	\$610,692	\$4,399,329	\$4,553,306	\$4,640,729
Startup Expenses	\$80,000	\$1,094,506	\$0	\$0	\$0
Operating Expenses	\$0	\$411,430	\$2,070,839	\$2,120,499	\$2,173,139
Operating Income	(\$80,000)	(\$895,245)	\$2,328,491	\$2,432,807	\$2,467,590
ITDA Expenses	\$0	\$152,663	\$1,117,343	\$1,156,850	\$1,177,600
Net Income	(\$80,000)	(\$1,047,908)	\$1,211,148	\$1,275,957	\$1,289,990
Accrued Net Income	(\$80,000)	(\$1,127,908)	\$83,240	\$1,359,197	\$2,649,187

Scenario 4 Startup Budget

Estimated startup expenses itemized in the following *Startup Budget*, covers construction, equipment, and other startup costs, beginning at time of business formation and ending when the facility becomes operational.

In total, an estimated Startup Budget of \$1,184,306.00 would be necessary for a leased facility requiring renovation including: \$84,000 for license procurement; \$40,000 for marketing; \$202,800 for equipment; \$38,300 for furniture and fixtures; \$247,050 for the acquisition of

adequate inventory for the launch of operations; and a \$87,726 contingency fund for unexpected costs.

\$200 per square foot is budgeted for the renovation of the potential retailer facility. Total renovation costs are expected to be \$386,250 inclusive of all contracting, staffing, plumbing, electrical, landscaping and equipment rentals.

Furniture, Fixtures, and Equipment: Company-wide furniture, fixtures, and equipment (FF&E) include selling, general, and administrative (SG&A) FF&E; sales floor FF&E including display tables and design elements; security equipment, including alarms and cameras; delivery vehicles; point of sale (POS) and track and trace technology; and storage and odor control equipment. Company-wide FF&E startup expenses deemed necessary for renovating the retailer facility are projected to reach \$241,00 over the startup forecast period. The budget allocates approximately \$358.48 per square foot for the interior furniture, fixtures, and equipment and full renovation of the space, allowing for high-quality expenditures in line with the caliber of neighborhood restaurants and retail stores.

STARTUP BUDGET		
Beginning Inventory		
	Startup Marijuana Product Inventory	\$244,579
	Startup Non-Marijuana Product Inventory	\$2,470
Equipment		
	Water Cooler	\$500
	Commercial-Grade Refrigerator(s)	\$4,000
	Commercial Sink	\$800
	Commercial Dishwasher	\$2,000
	Break Room Kitchen Equipment	\$3,500
	Point-of-Sale & METRC Technology	\$4,000
	Delivery Order Management	\$3,000
	Vault and Cash/Product Storage Equipment	\$25,000
	Security Alarm, Surveillance and Key Access Equipment	\$80,000
	Odor Control and HVAC Equipment	\$20,000
	Delivery Vehicles (x2) (If Applicable)	\$50,000
	Loading/Unloading Equipment	\$10,000
Facility Acquisition and/or Improvements		
	Acquisition of Property (If Applicable)	\$0
	Facility Renovations or Buildout	\$350,000
	Temporary Utilities	\$10,000
	Security Deposit & Due Diligence	\$26,250
	Other Construction Costs	\$0
Furniture and Fixtures		
	Computers and Printers	\$8,000
	TV/Menu Display Fixtures	\$7,500

	Product Display Fixtures	\$10,000
	Lighting Fixtures	\$8,000
	Bike Racks	\$1,000
	Break Room and Office Furniture	\$800
	Waiting Room Furniture	\$1,500
	Sales Floor Furniture	\$1,500
Marketing and Advertising		
	Advertising Outlets	\$20,000
	Association Membership	\$1,500
	Grand Opening Event Budget	\$5,000
	Educational Material Printing	\$500
	Business Printing	\$500
	Website/Social Media Build and Setup	\$10,000
	Search Engine Optimization	\$2,500
Pre-Operational Staffing		
	Personnel Wages and Benefits	\$65,680
	Training Program Administration	\$25,000
	Employee Registration Fees (\$500 per employee on average)	\$7,500
State & Local License Procurement		
	<u>Application Submission Fee*</u>	\$2,500
	<u>Initial Licensing Fee*</u>	\$2,500
	Additional Licensing/Permits	\$1,500
	Legal Support	\$15,000
	Accounting Support	\$2,500
	Architect Support	\$15,000
	Consulting Support	\$45,000
Startup Cost Contingency (8%)		\$87,726
Total Startup Budget		\$1,184,306

Model Overview												
PRIMARY COMPANY DETAILS					DISCLAIMER/ASSUMPTIONS							
Project Details					Model Developed Using Known Information/Market Assumptions current as of 05/20/2024							
Company Name		City of Wayzata										
License Type		Retail (with possibility of delivery)										
TABLE OF CONTENTS					RESOURCES/REFERENCES							
Order of Tabs					Quick Links							
Market Analysis					Minnesota Office of Cannabis Management**							
Revenue Inputs					Minnesota Department of Health - Medical Cannabis							
Expense Inputs												
Personnel Inputs					Legislation (12th Engrossment - 93rd Legislature (2023 - 2024) Posted on 04/03/2024 10:30am)*							
Annual Financial Statements					Minnesota Department of Revenue - Cannabis Tax							
Monthly Pro Forma					Minnesota NORML - Laws and Penalties							
Monthly Cash Flow					Vangst Salary Guide***							
Monthly Balance Sheet					Minnesota Marijuana Policy Project							
					*, **, *** denotes source material utilized throughout this model.							

Market Analysis

BASE MARKET FIGURES		
Statewide Figures		
Minnesota Population (2022)	5,714,300	People
Minnesota 21+ Population %	73.7%	of Population
Minnesota 21+ Population (2023)	4,211,439	Adults
Minnesota Median Age	39.0	Years Old
Minnesota Median Household Income	\$84,313	Income
Minnesota Unemployment Rate (Dec 2023)	2.9%	Unemployed
Minnesota Population Annual Growth Rate	0.41%	Growth
Total Visitors to Minnesota (2022)	76,600,000	Visitors
Local Figures		
Wayzata Population	4,434	People
Wayzata 21+ Population %	85.20%	of Population
Wayzata 21+ Population (2022)	3,778	Adults
Wayzata Population (3-miles)	35,679	People
Wayzata Population (5-miles)	117,891	People
Wayzata Median Age	56.5	Years Old
Wayzata Median Household Income	\$118,456	Income
Hennepin County Unemployment Rate (Feb 2024)	3.00%	Unemployed
Wayzata Persons in Poverty	4.4%	Impoverished

POPULATION GROWTH		
Statewide Population Growth		
	Total	21+
Minnesota Population 2023	5,737,729	4,228,706
Minnesota Population 2024	5,761,253	4,246,044
Minnesota Population 2025	5,784,874	4,263,452
Minnesota Population 2026	5,808,592	4,280,933
Minnesota Population 2027	5,832,408	4,298,484
Minnesota Population 2028	5,856,321	4,316,108
Wayzata 3-mile Population Growth		
	Total	21+
Wayzata Population (3-mile) 2024	35,825	30,523
Wayzata Population (3-mile) 2025	35,972	30,648
Wayzata Population (3-mile) 2026	36,120	30,774
Wayzata Population (3-mile) 2027	36,268	30,900
Wayzata Population (3-mile) 2028	36,416	31,027
Wayzata Population (3-mile) 2029	36,566	31,154
Wayzata 5-mile Population Growth		
	Total	21+
Wayzata Population (5-mile) 2024	118,374	100,855
Wayzata Population (5-mile) 2025	118,860	101,268
Wayzata Population (5-mile) 2026	119,347	101,684
Wayzata Population (5-mile) 2027	119,836	102,101
Wayzata Population (5-mile) 2028	120,328	102,519
Wayzata Population (5-mile) 2029	120,821	102,939

SUPPORTING ANALYSIS, MEDICAL (APRIL 2024)		
Medical Cannabis Operators		
Current Dispensing Location Details		
Dispensing Locations		15
Registered Patients		46,287
Certifying Practitioners		2,543
Current Medical Cannabis Manufacturers		
Green Goods		
RISE (Formerly LeafLine Labs)		
Qualifying Conditions		
Alzheimer's disease		
Amyotrophic lateral sclerosis (ALS)		
Autism spectrum disorder (must meet DSM-5)		
Cancer*		
Chronic motor or vocal tic disorder		
Chronic pain		
Glaucoma		
HIV/AIDS		
Inflammatory bowel disease, including Crohn's disease		
Intractable pain		
Irritable bowel syndrome		
Obsessive-compulsive disorder		
Obstructive sleep apnea		
Post-traumatic stress disorder (PTSD)		
Seizures, including those characteristic of epilepsy		
Severe and persistent muscle spasms, including those characteristic of multiple sclerosis (MS)		
Sickle cell disease		
Terminal illness, with a probable life expectancy of less than one year*		
Tourette syndrome		
*If your illness or its treatment produces one or more of the following: severe or chronic pain; nausea or severe vomiting; or cachexia or severe wasting.		
Allowable Products		
Liquid, including but not limited to oil		
Pill		
Liquid or oil for use with a vaporized delivery method		
Water-soluble cannabinoid multiparticulate, including granules, powder, and sprinkles		
Orally dissolvable product, including lozenges, gum, mints, buccal tablets, and sublingual tablets		
Topical formulation		
Any allowable form or delivery method approved by the office		

SUPPORTING ANALYSIS, ADULT-USE*	
Allowable License Types	
Microbusiness	
Up to 5,000 square feet of plant canopy for indoor	
Up to one-half (1/2) acre of mature, flowering plants for outdoor	
May operate up to one retail location	
May permit on-site consumption of edible cannabis products	
Mezzobusiness	
Up to 15,000 square feet of plant canopy for indoor	
Up to one acre of mature, flowering plants for outdoor	
May operate up to three retail locations	
Cultivator (Craft and Bulk)	
Both indoor and outdoor cultivation allowed.	
Craft limited to 10,000 sqft of canopy	
Bulk limited to 30,000 sqft of canopy	
Bulk cultivator unavailable before July 1, 2026, unless needed to meet demand	
Cannabis must be certified organic by the agriculture commissioner	
Manufacturer	
Extraction method must be approved by the board.	
Must have a certification from an independent industrial hygienist or professional engineer	
May only add chemicals or compounds approved by the board to concentrates	
All ingredients in cannabis products must be disclosed	
Retailer	
May operate up to five retail locations	
May also hold a delivery license, medical retailer license, and a cannabis event organizer license	
Wholesaler	
May purchase and sell cannabis between businesses	
May also hold a transporter, a delivery service, and a cannabis event organizer license	
Transporter	
Transport all product types between all licensees	
Testing Facility	
Tests all cannabis products for quality compliance	
Event Organizer	
May organize a temporary cannabis event lasting no more than four days	
A cannabis event may designate an area for consumption	
Delivery Service	
May purchase from retailers to deliver to consumers	

STATEWIDE MARKET VALUE ANALYSIS		
Estimated Purchaser Base and Annual Consumption		
Minnesota 21+ Population (2023)	4,228,706	Adults
(plus) Additional Tourism (50% of Population Base)	2,114,353	Adults
Total Addressable Market	6,343,059	Adults
(multiplied by) % Adult-Use Purchasers	14.0%	
Serviceable Addressable Market	888,028	Adults
(multiplied by) % Legal Market Adoption	50%	of market, Current
Serviceable Obtainable Market	444,014	Adults
 Estimated 2025 Market Value - Vicente LLP	 \$418,000,000	 Market Value
Estimated 2025 Market Value - AU + Medical	\$551,000,000	Market Value

Revenue Inputs

ANALYSIS OF LOCAL MARKET SHARE		
STOREFRONT: Estimated Initial Purchaser Base (Y1)		
Wayzata 21+ Population 3-mile	30,648	Adults
(plus) Additional Traffic (20% of Local Population)	6,130	Adults
Total Addressable Market	36,778	Adults
(multiplied by) % Adult Use Purchasers	14.0%	
Total Target Market	5,149	Adults
(multiplied by) % Legal Market Adoption	50.0%	
Total Realizable Market Potential	2,574	Adults
(multiplied by) % of Local Market Share (1/3)	33%	
Total Monthly Storefront Customers	850	Adults
(plus) Seasonal Event Tourism (M6, M10)	1,155	Adults (Customers)
DELIVERY: Estimated Initial Purchaser Base (Y1) (Toggle on Delivery Tab)		
Wayzata 21+ Population 5-mile	101,268	Adults
(plus) Additional Traffic (20% of Local Population)	20,254	Adults
Total Addressable Market	121,522	Adults
(multiplied by) % Adult Use Purchasers	14.0%	
Total Target Market	17,013	Adults
(multiplied by) % Legal Market Adoption	50.0%	
Total Realizable Market Potential	8,507	Adults
(multiplied by) % of Local Market Share (1/8)	12.5%	
Total Monthly Delivery Customers	1,063	Adults

SUPPORTING REVENUE METRICS AND ANALYSIS

Discounts and Price Changes

Annual Product Price Decrease (Y2)	8% Decrease
Annual Product Price Decrease (Y3)	10% Decrease
Annual Product Price Decrease (Y4)	9% Decrease
Annual Product Price Decrease (Y5+)	5% Decrease

Sales and Discounts

% of Qualifying Sales for Discount	10% of Sales
Average Discount %	15% off MSRP

Purchaser Base Growth Rate

Y2 Purchaser Base Growth	25% Increase
Y3 Purchaser Base Growth	15% Increase
Y4 Purchaser Base Growth	12% Increase
Y5+ Purchaser Base Growth	10% Increase

Balance Check

Product List %	100.0%
Customer Spend %	100.0%

PRODUCT PRICING ASSUMPTIONS		
Product Category	% of Average Sale	Average Price Per Unit
Flower (3.5g)	17.0%	\$41.85
Flower (7g)	8.0%	\$110.00
Pre-Roll 5-pack (3.5g)	14.0%	\$45.00
Bulk Flower Trim (7g)	12.0%	\$50.00
Vaporizer Cartridges (500mg)	15.0%	\$75.00
Extracts (500mg)	14.0%	\$50.00
Edibles (100mg)	9.0%	\$30.00
Beverages (100mg)	3.0%	\$25.00
Other Cannabis Products (100mg)	7.0%	\$35.00
Non-Cannabis Goods	1.0%	\$20.00

CUSTOMER ARCHETYPE PROFILES		
<u>Estimated Customer Consumption Distribution</u>		
Conservative	\$100 per month	17.0%
Social	\$200 per month	19.0%
Active	\$300 per month	24.0%
Frequent	\$400 per month	40.0%
Average Monthly Customer Spend		\$287.00

PRODUCT SALES ANALYSIS					
Launch			Y2		
Monthly Units Sold	Monthly Sales	Average Price Per Unit	Monthly Units Sold	Monthly Sales	Average Price Per Unit
2,230	\$93,330	\$42	2,424	\$93,330	\$39
399	\$43,920	\$110	434	\$43,920	\$101
1,708	\$76,860	\$45	1,857	\$76,860	\$41
1,318	\$65,880	\$50	1,432	\$65,880	\$46
1,098	\$82,350	\$75	1,193	\$82,350	\$69
1,537	\$76,860	\$50	1,671	\$76,860	\$46
1,647	\$49,410	\$30	1,790	\$49,410	\$28
659	\$16,470	\$25	716	\$16,470	\$23
1,098	\$38,430	\$35	1,193	\$38,430	\$32
1,006	\$20,120	\$20	1,093	\$20,120	\$18
PRODUCT SALES ANALYSIS					
Y3			Y4		
Monthly Units Sold	Monthly Sales	Average Price Per Unit	Monthly Units Sold	Monthly Sales	Average Price Per Unit
3,097	\$107,329	\$35	3,523	\$111,086	\$32
555	\$50,508	\$91	631	\$52,276	\$83
2,372	\$88,389	\$37	2,698	\$91,482	\$34
1,830	\$75,762	\$41	2,081	\$78,414	\$38
1,525	\$94,702	\$62	1,734	\$98,017	\$57
2,135	\$88,389	\$41	2,428	\$91,482	\$38
2,287	\$56,821	\$25	2,602	\$58,810	\$23
915	\$18,940	\$21	1,041	\$19,603	\$19
1,525	\$44,194	\$29	1,734	\$45,741	\$26
1,397	\$23,138	\$17	1,589	\$23,947	\$15

PRODUCT SALES ANALYSIS		
Y5		
Monthly Units Sold	Monthly Sales	Average Price Per Unit
3,779	\$113,219	\$30
677	\$53,279	\$79
2,895	\$93,239	\$32
2,233	\$79,919	\$36
1,861	\$99,899	\$54
2,605	\$93,239	\$36
2,791	\$59,939	\$21
1,116	\$19,980	\$18
1,861	\$46,619	\$25
1,705	\$24,407	\$14

Expense Inputs

STARTUP BUDGET	
Beginning Inventory	
Startup Marijuana Product Inventory	\$244,579
Startup Non-Marijuana Product Inventory	\$2,470
Equipment	
Water Cooler	\$500
Commercial-Grade Refrigerator(s)	\$4,000
Commercial Sink	\$800
Commercial Dishwasher	\$2,000
Break Room Kitchen Equipment	\$3,500
Point-of-Sale & METRC Technology	\$4,000
Delivery Order Management	\$3,000
Vault and Cash/Product Storage Equipment	\$25,000
Security Alarm, Surveillance and Key Access Equipment	\$80,000
Odor Control and HVAC Equipment	\$20,000
Delivery Vehicles (x2) (If Applicable)	\$50,000
Loading/Unloading Equipment	\$10,000
Facility Acquisition and/or Improvements	
Acquisition of Property (If Applicable)	\$0
Facility Renovations or Buildout	\$350,000
Temporary Utilities	\$10,000
Security Deposit & Due Diligence	\$26,250
Other Construction Costs	\$0
Furniture and Fixtures	
Computers and Printers	\$8,000
TV/Menu Display Fixtures	\$7,500
Product Display Fixtures	\$10,000
Lighting Fixtures	\$8,000
Bike Racks	\$1,000
Break Room and Office Furniture	\$800
Waiting Room Furniture	\$1,500
Sales Floor Furniture	\$1,500
Marketing and Advertising	
Advertising Outlets	\$20,000
Association Membership	\$1,500
Grand Opening Event Budget	\$5,000
Educational Material Printing	\$500
Business Printing	\$500
Website/Social Media Build and Setup	\$10,000
Search Engine Optimization	\$2,500
Pre-Operational Staffing	
Personnel Wages and Benefits	\$65,680
Training Program Administration	\$25,000
Employee Registration Fees (\$500 per employee on average)	\$7,500
State & Local License Procurement	
Application Submission Fee*	\$2,500
Initial Licensing Fee*	\$2,500
Additional Licensing/Permits	\$1,500
Legal Support	\$15,000
Accounting Support	\$2,500
Architect Support	\$15,000
Consulting Support	\$45,000
Startup Cost Contingency (8%)	\$87,726
Total Startup Budget	\$1,184,306

OPERATIONAL BUDGET	
Cost of Goods Sold	
Average Retail Product Wholesale Cost	45% of revenue
Average Delivery Product Wholesale Cost (If Applicable)	45% of revenue
Operating Expenses	
Annual Licensing Fee	\$5,000 per annum
Facility and Vehicle Maintenance (If Applicable)	\$2,500 per month
Insurance	\$4,000 per month
Marketing & Sales	\$30,000 per month
Membership & Certifications	\$800 per month
Miscellaneous	\$3,500 per month
Operational Contingency (8%)	\$12,494 per month
Personnel (SG&A)	\$65,680 per month
Professional Services	\$37,500 per month
Property Rent (If Applicable)	\$4,375 per month
Security Monitoring & Software	\$1,500 per month
Software, Phone & Internet	\$2,500 per month
Supplies (SG&A)	\$1,500 per month
Utilities (SG&A)	\$1,000 per month
Waste/Janitorial Services (SG&A)	\$900 per month
Total Operating Budget	\$163,666 Per Month

0.4013077221

ADDITIONAL PRO FORMA FACTORS	
Corporate Income Tax Expenses	
Federal Tax Rate	21% of Gross Profit
State Tax Rate	6.875% of Operating Income
Local Tax Rate	0% of Gross Profit
Loan and Interest Payments	
Debt Principal	\$1,600,000 loan
Debt Interest Rate	15% APR
Debt Term	36 months
Depreciation	
Useful Life	84 months
Salvage Value	0% salvage

OPERATIONAL BUDGET ANALYSIS	
Expense Growth and Changes	
Annual Operating Expense Growth Rate	6% annual growth

STARTUP BUDGET ANALYSIS	
Startup Sub	
Total E	\$247,050
Total F	\$202,800
Total F	\$386,250
Total F	\$38,300
Total F	\$40,000
Total F	\$98,180
Total L	\$84,000

\$241,100
358.4857143

SOURCES AND USES OF CAPITAL	
Sources of Capital	
City/Municipal Loans (Internal)	\$0
Long-Term Debt	\$1,600,000
Total Sources	\$1,600,000
Uses of Capital	
Startup Expenses	\$1,184,306
3-month operations	\$490,997
Capital Runway	-\$75,304
Total Uses	\$1,600,000

Real Estate

SCENARIO 1: PURCHASE/BUILDOUT		
Facility Acquisition and Improvements		
Acquisition of Property (If Applicable)		\$0
Facility Renovations Materials/Labor	\$1,400,000	
Temporary Utilities		\$10,000
Security Deposit & Due Diligence		\$10,000
Other Construction Costs		\$7,500

Real Estate Analysis		
Total Land Size (Acres) (If applicable)	1.00	
Land Cost per Acre		\$0
Total Facility SQFT	1,750	
Renovation cost per sqft		\$800

SCENARIO 2: RETAIL LEASE		
Facility Acquisition and Improvements		
Acquisition of Property (If Applicable)		\$0
Facility Renovations - Tenant Improvement	\$350,000	
Temporary Utilities		\$10,000
Security Deposit & Due Diligence		\$26,250
Other Construction Costs		\$0

Real Estate Analysis		
Total Facility SQFT	1,750	
Facility Taxable Fees per sqft		\$9
Facility CAM per sqft		\$8
Facility Rent per sqft		\$30
Tenant Renovation Cost per sqft		\$200
Facility Monthly Rent (If Applicable)		\$4,375

Real Estate Scenario Toggle Mark 1 for scenario 1, mark 0 for scenario 2		
Scenario 1	0	Toggle
Scenario 2	1	Toggle

Estimated Using: 747 Mill St, Wayzata, MN 55391		
RETAIL ANALYSIS - POTENTIAL SITES		
747 Mill St, Wayzata, MN 55391 - 1-mile/1.609km		
Population	5,765	
Income	\$88,824.00	USD
Area	8.1/km2	
Density	708.1/km	per kilometer
747 Mill St, Wayzata, MN 55391 - 3-mile/4.828km		
Population	35,679	
Income	\$128,075.00	USD
Area	73.3/km2	
Density	486.90	per kilometer
747 Mill St, Wayzata, MN 55391 - 5-mile/8.046km		
Population	117,891	
Income	\$134,922.00	USD
Area	203.5/km2	
Density	579.20	per kilometer

Estimated Using: Promenade Ave, Wayzata, MN 55391		
RETAIL ANALYSIS - POTENTIAL SITES		
Promenade Ave, Wayzata, MN 55391, USA - 1-mile/1.609km		
Population	6,264	
Income	\$88,954.00	USD
Area	8.1/km2	
Density	769.40	per kilometer
Promenade Ave, Wayzata, MN 55391, USA - 3-mile/4.828km		
Population	35,679	
Income	\$127,727.00	USD
Area	73.3/km2	
Density	509.60	per kilometer
Promenade Ave, Wayzata, MN 55391, USA - 5-mile/8.046km		
Population	119,054	
Income	\$134,303.00	USD
Area	203.5/km2	
Density	584.90	per kilometer

Delivery Inputs

Delivery Toggle (Input "1" for Yes, "0" for No)		
Partner Delivery Service	0	Toggle
Internal Delivery Service	1	Toggle
DELIVERY: Estimated Initial Purchaser Base (Y1) (Toggle on Delivery Tab)		
Wayzata 21+ Population 5-mile	101,268	Adults
(plus) Additional Tourism (50% of Local Population)	20,254	Adults
Total Addressable Market	121,522	Adults
(multiplied by) % Adult Use Purchasers	14.0%	
Total Target Market	17,013	Adults
(multiplied by) % Legal Market Adoption	50.0%	
Total Realizable Market Potential	8,507	Adults
(multiplied by) % of Local Market Share (1/10)	13%	
Total Monthly Delivery Customers	1,063	Adults

STARTUP BUDGET		
Equipment		
Delivery Vehicles (x2) (If Applicable)		\$50,000
Loading/Unloading Equipment		\$10,000
Delivery Order Management		\$3,000

OPERATIONAL BUDGET		
Cost of Goods Sold		
Average Delivery Product Wholesale C		45% of revenue
Operating Expenses		
Facility and Vehicle Maintenance (If Ap	\$2,500	per month
Insurance	\$4,000	per month
Staffing	\$17,690.00	per month

Personnel Inputs

						FY1					
						1	2	3	4	5	
						Y1M1	Y1M2	Y1M3	Y1M4	Y1M5	
CITY ROLES											
Officers/Managers (SG&A)	City Salary	Direct Labor Hourly Wage	% of Time - Dispensary		Annual Dispensary Cost						
City Manager	\$180,000	N/A	6%		\$10,800						
Deputy City Manager (CFO/HRO)	\$135,000	N/A	20%		\$27,000						
Communications Coordinator	\$81,000	N/A	15%		\$12,150						
Parks & Facilities Manager	\$81,000	N/A	15%		\$12,150						
HR Generalist	\$85,000	N/A	10%		\$8,500						
Senior Accountant	\$103,000	N/A	25%		\$25,750						
Accountant	\$73,000	N/A	25%		\$18,250						
DISPENSARY DIRECT LABOR											
			Weekly Hours	#							
General Manager & Head of Compliance	\$100,000	\$48.1	40	1	\$100,000						
Assistant General Manager	\$75,000	\$36.1	40	1	\$75,000						
Retail Agents (Part Time)	\$43,680	\$21.0	30	8	\$32,760						
Receptionist (Part Time)	\$36,400	\$17.5	30	2	\$27,300						
Distribution Manager (If Applicable)	\$75,000	\$36.1	40	1	\$75,000						
Delivery Agent (If Applicable)	\$45,760	\$22.0	40	3	\$45,760						
Total Monthly Payroll						\$0	\$0	\$0	\$0	\$0	\$0
Employee Benefits % (Workers Comp, Payroll Tax, Benefits)						\$0	\$0	\$0	\$0	\$0	\$0
Total Monthly Payroll + Employee Benefits						\$0	\$0	\$0	\$0	\$0	\$0
THIRD PARTY PROFESSIONAL SUPPORT											
Non-Employees	Monthly Fee	Months per			Annual Cost						
Outsourced City Attorney + Contracted	\$2,000	12			\$24,000						
Convergent Contracted For Security Monitoring	\$1,500	12			\$18,000						
Contracted Loffler (Computers)	\$1,000	12			\$12,000						
Outsourced Director of Security	\$10,000	12			\$120,000						
Outsourced Security Agent(s)	\$7,500	12			\$90,000						
Contracted Certified Public Accountant	\$500	12			\$6,000						
Total Monthly Third-Party Support						\$0	\$0	\$0	\$0	\$0	\$0
Total Monthly Personnel + Third-Party						\$0	\$0	\$0	\$0	\$0	\$0

PAYROLL TABLE ANALYSIS				
Wage Analysis	Wage Rate	% Change	\$ Change	
Minnesota Minimum Wage	\$10.59	98.30%	\$10.41	
Hennepin County Living Wage	\$22.28	-6%	-\$1.28	

					Acquire				
					6	7	8	9	10
					Y1M6	Y1M7	Y1M8	Y1M9	Y1M10
CITY ROLES									
Officers/Managers (SG&A)	City Salary	Direct Labor Hourly Wage	% of Time - Dispensary		Annual Dispensary Cost				
City Manager	\$180,000	N/A	6%		\$10,800				
Deputy City Manager (CFO/HRO)	\$135,000	N/A	20%		\$27,000				
Communications Coordinator	\$81,000	N/A	15%		\$12,150				
Parks & Facilities Manager	\$81,000	N/A	15%		\$12,150				
HR Generalist	\$85,000	N/A	10%		\$8,500				
Senior Accountant	\$103,000	N/A	25%		\$25,750				
Accountant	\$73,000	N/A	25%		\$18,250				
DISPENSARY DIRECT LABOR									
			Weekly Hours	#					
General Manager & Head of Compliance	\$100,000	\$48.1	40	1	\$100,000				
Assistant General Manager	\$75,000	\$36.1	40	1	\$75,000				
Retail Agents (Part Time)	\$43,680	\$21.0	30	8	\$32,760				
Receptionist (Part Time)	\$36,400	\$17.5	30	2	\$27,300				
Distribution Manager (If Applicable)	\$75,000	\$36.1	40	0	\$0				
Delivery Agent (If Applicable)	\$45,760	\$22.0	40	0	\$45,760				
Total Monthly Payroll					\$0	\$0	\$0	\$0	\$0
Employee Benefits % (Workers Comp, Payroll Tax, Benefits)					\$0	\$0	\$0	\$0	\$0
Total Monthly Payroll + Employee Benefits					\$0	\$0	\$0	\$0	\$0
THIRD PARTY PROFESSIONAL SUPPORT									
Non-Employees	Monthly Fee	Months per			Annual Cost				
Outsourced City Attorney + Contracted	\$2,000	12			\$24,000				
Convergent Contracted For Security Monitoring	\$1,500	12			\$18,000				
Contracted Loffler (Computers)	\$1,000	12			\$12,000				
Outsourced Director of Security	\$10,000	12			\$120,000				
Outsourced Security Agent(s)	\$7,500	12			\$90,000				
Contracted Certified Public Accountant	\$500	12			\$6,000				
Total Monthly Third-Party Support					\$0	\$0	\$0	\$0	\$0
Total Monthly Personnel + Third-Party					\$0	\$0	\$0	\$0	\$0

						11	12	FY2		
						Y1M11	Y1M12	13	14	15
								Y2M1	Y2M2	Y2M3
CITY ROLES										
						Annual Dispensary Cost				
Officers/Managers (SG&A)	City Salary	Direct Labor Hourly Wage	% of Time - Dispensary							
City Manager	\$180,000	N/A	6%			\$10,800				
Deputy City Manager (CFO/HRO)	\$135,000	N/A	20%			\$27,000				
Communications Coordinator	\$81,000	N/A	15%			\$12,150				
Parks & Facilities Manager	\$81,000	N/A	15%			\$12,150				
HR Generalist	\$85,000	N/A	10%			\$8,500				
Senior Accountant	\$103,000	N/A	25%			\$25,750				
Accountant	\$73,000	N/A	25%			\$18,250				
DISPENSARY DIRECT LABOR										
						Weekly Hours	#			
General Manager & Head of Compliance	\$100,000	\$48.1	40	1	\$100,000					
Assistant General Manager	\$75,000	\$36.1	40	1	\$75,000					
Retail Agents (Part Time)	\$43,680	\$21.0	30	8	\$32,760					
Receptionist (Part Time)	\$36,400	\$17.5	30	2	\$27,300					
Distribution Manager (If Applicable)	\$75,000	\$36.1	40	0	\$0					
Delivery Agent (If Applicable)	\$45,760	\$22.0	40	0	\$45,760					
Total Monthly Payroll						\$0	\$0	\$0	\$0	\$0
Employee Benefits % (Workers Comp, Payroll Tax, Benefits)		30%				\$0	\$0	\$0	\$0	\$0
Total Monthly Payroll + Employee Benefits						\$0	\$0	\$0	\$0	\$0
THIRD PARTY PROFESSIONAL SUPPORT										
						Annual Cost				
Non-Employees	Monthly Fee	Months per								
Outsourced City Attorney + Contracted	\$2,000	12			\$24,000					
Convergent Contracted For Security Monitoring	\$1,500	12			\$18,000					
Contracted Loffler (Computers)	\$1,000	12			\$12,000					
Outsourced Director of Security	\$10,000	12			\$120,000					
Outsourced Security Agent(s)	\$7,500	12			\$90,000					
Contracted Certified Public Accountant	\$500	12			\$6,000					
Total Monthly Third-Party Support						\$0	\$0	\$0	\$0	\$0
Total Monthly Personnel + Third-Party						\$0	\$0	\$0	\$0	\$0

						Begin Construction/Renovations				
						16	17	18	19	20
						Y2M4	Y2M5	Y2M6	Y2M7	Y2M8
CITY ROLES										
					Annual Dispensary Cost					
Officers/Managers (SG&A)	City Salary	Direct Labor Hourly Wage	% of Time - Dispensary							
City Manager	\$180,000	N/A	6%		\$10,800					
Deputy City Manager (CFO/HRO)	\$135,000	N/A	20%		\$27,000					
Communications Coordinator	\$81,000	N/A	15%		\$12,150					
Parks & Facilities Manager	\$81,000	N/A	15%		\$12,150					
HR Generalist	\$85,000	N/A	10%		\$8,500					
Senior Accountant	\$103,000	N/A	25%		\$25,750					
Accountant	\$73,000	N/A	25%		\$18,250					
DISPENSARY DIRECT LABOR										
					Weekly Hours	#				
General Manager & Head of Compliance	\$100,000	\$48.1	40	1	\$100,000					1
Assistant General Manager	\$75,000	\$36.1	40	1	\$75,000					
Retail Agents (Part Time)	\$43,680	\$21.0	30	8	\$32,760					
Receptionist (Part Time)	\$36,400	\$17.5	30	2	\$27,300					
Distribution Manager (If Applicable)	\$75,000	\$36.1	40	0	\$0					
Delivery Agent (If Applicable)	\$45,760	\$22.0	40	0	\$45,760					
Total Monthly Payroll						\$0	\$0	\$0	\$0	\$8,333
Employee Benefits % (Workers Comp, Payroll Tax, Benefits)		30%				\$0	\$0	\$0	\$0	\$2,500
Total Monthly Payroll + Employee Benefits						\$0	\$0	\$0	\$0	\$10,833
THIRD PARTY PROFESSIONAL SUPPORT										
					Annual Cost					
Non-Employees	Monthly Fee	Months per								
Outsourced City Attorney + Contracted	\$2,000	12	\$24,000							
Convergent Contracted For Security Monitoring	\$1,500	12	\$18,000							
Contracted Loffler (Computers)	\$1,000	12	\$12,000							
Outsourced Director of Security	\$10,000	12	\$120,000							
Outsourced Security Agent(s)	\$7,500	12	\$90,000							
Contracted Certified Public Accountant	\$500	12	\$6,000							
Total Monthly Third-Party Support						\$0	\$0	\$0	\$0	\$0
Total Monthly Personnel + Third-Party						\$0	\$0	\$0	\$0	\$10,833

						Open Operations First Sale				FY3	
						21	22	23	24	25	
						Y2M9	Y2M10	Y2M11	Y2M12	Y3M1	
CITY ROLES											
					Annual Dispensary Cost						
Officers/Managers (SG&A)	City Salary	Direct Labor Hourly Wage	% of Time - Dispensary								
City Manager	\$180,000	N/A	6%		\$10,800		1	1		1	
Deputy City Manager (CFO/HRO)	\$135,000	N/A	20%		\$27,000		1	1		1	
Communications Coordinator	\$81,000	N/A	15%		\$12,150		1	1		1	
Parks & Facilities Manager	\$81,000	N/A	15%		\$12,150		1	1		1	
HR Generalist	\$85,000	N/A	10%		\$8,500		1	1		1	
Senior Accountant	\$103,000	N/A	25%		\$25,750		1	1		1	
Accountant	\$73,000	N/A	25%		\$18,250		1	1		1	
DISPENSARY DIRECT LABOR											
					Weekly Hours	#					
General Manager & Head of Compliance	\$100,000	\$48.1	40	1	\$100,000	1	1	1	1	1	
Assistant General Manager	\$75,000	\$36.1	40	1	\$75,000		1	1	1	1	
Retail Agents (Part Time)	\$43,680	\$21.0	30	8	\$32,760		8	8	8	8	
Receptionist (Part Time)	\$36,400	\$17.5	30	2	\$27,300		2	2	2	2	
Distribution Manager (If Applicable)	\$75,000	\$36.1	40	0	\$0		1	1	1	1	
Delivery Agent (If Applicable)	\$45,760	\$22.0	40	0	\$45,760		3	3	3	3	
Total Monthly Payroll						\$8,333	\$58,663	\$68,213	\$68,213	\$68,213	
Employee Benefits % (Workers Comp, Payroll Tax, Benefits)						\$2,500	\$17,599	\$20,464	\$20,464	\$20,464	
Total Monthly Payroll + Employee Benefits						\$10,833	\$76,262	\$88,677	\$88,677	\$88,677	
THIRD PARTY PROFESSIONAL SUPPORT											
					Annual Cost						
Non-Employees	Monthly Fee	Months per									
Outsourced City Attorney + Contracted	\$2,000	12			\$24,000		1	1		1	
Convergent Contracted For Security Monitoring	\$1,500	12			\$18,000		1	1		1	
Contracted Loffler (Computers)	\$1,000	12			\$12,000		1	1		1	
Outsourced Director of Security	\$10,000	12			\$120,000		1	1		1	
Outsourced Security Agent(s)	\$7,500	12			\$90,000		3	3		3	
Contracted Certified Public Accountant	\$500	12			\$6,000		1	1		1	
Total Monthly Third-Party Support						\$0	\$0	\$37,500	\$37,500	\$37,500	
Total Monthly Personnel + Third-Party						\$10,833	\$76,262	\$126,177	\$126,177	\$126,177	

1514128

						26	27	28	29	30
						Y3M2	Y3M3	Y3M4	Y3M5	Y3M6
CITY ROLES										
<i>Officers/Managers (SG&A)</i>	City Salary	Direct Labor Hourly Wage	% of Time - Dispensary			Annual Dispensary Cost				
City Manager	\$180,000	N/A	6%			\$10,800	1	1	1	1
Deputy City Manager (CFO/HRO)	\$135,000	N/A	20%			\$27,000	1	1	1	1
Communications Coordinator	\$81,000	N/A	15%			\$12,150	1	1	1	1
Parks & Facilities Manager	\$81,000	N/A	15%			\$12,150	1	1	1	1
HR Generalist	\$85,000	N/A	10%			\$8,500	1	1	1	1
Senior Accountant	\$103,000	N/A	25%			\$25,750	1	1	1	1
Accountant	\$73,000	N/A	25%			\$18,250	1	1	1	1
DISPENSARY DIRECT LABOR										
			Weekly Hours	#						
General Manager & Head of Compliance	\$100,000	\$48.1	40	1	\$100,000	1	1	1	1	1
Assistant General Manager	\$75,000	\$36.1	40	1	\$75,000	1	1	1	1	1
Retail Agents (Part Time)	\$43,680	\$21.0	30	8	\$32,760	8	8	8	8	8
Receptionist (Part Time)	\$36,400	\$17.5	30	2	\$27,300	2	2	2	2	2
Distribution Manager (If Applicable)	\$75,000	\$36.1	40	0	\$0	1	1	1	1	1
Delivery Agent (If Applicable)	\$45,760	\$22.0	40	0	\$45,760	3	3	3	3	3
Total Monthly Payroll						\$68,213	\$68,213	\$68,213	\$68,213	\$68,213
Employee Benefits % (Workers Comp, Payroll Tax, Benefits)						\$20,464	\$20,464	\$20,464	\$20,464	\$20,464
Total Monthly Payroll + Employee Benefits						\$88,677	\$88,677	\$88,677	\$88,677	\$88,677
THIRD PARTY PROFESSIONAL SUPPORT										
<i>Non-Employees</i>	Monthly Fee	Months per				Annual Cost				
Outsourced City Attorney + Contracted	\$2,000	12				\$24,000	1	1	1	1
Convergent Contracted For Security Monitoring	\$1,500	12				\$18,000	1	1	1	1
Contracted Loffler (Computers)	\$1,000	12				\$12,000	1	1	1	1
Outsourced Director of Security	\$10,000	12				\$120,000	1	1	1	1
Outsourced Security Agent(s)	\$7,500	12				\$90,000	3	3	3	3
Contracted Certified Public Accountant	\$500	12				\$6,000	1	1	1	1
Total Monthly Third-Party Support						\$37,500	\$37,500	\$37,500	\$37,500	\$37,500
Total Monthly Personnel + Third-Party						\$126,177	\$126,177	\$126,177	\$126,177	\$126,177

						31	32	33	34	35
						Y3M7	Y3M8	Y3M9	Y3M10	Y3M11
CITY ROLES										
<i>Officers/Managers (SG&A)</i>	City Salary	Direct Labor Hourly Wage	% of Time - Dispensary		Annual Dispensary Cost					
City Manager	\$180,000	N/A	6%		\$10,800	1	1	1	1	1
Deputy City Manager (CFO/HRO)	\$135,000	N/A	20%		\$27,000	1	1	1	1	1
Communications Coordinator	\$81,000	N/A	15%		\$12,150	1	1	1	1	1
Parks & Facilities Manager	\$81,000	N/A	15%		\$12,150	1	1	1	1	1
HR Generalist	\$85,000	N/A	10%		\$8,500	1	1	1	1	1
Senior Accountant	\$103,000	N/A	25%		\$25,750	1	1	1	1	1
Accountant	\$73,000	N/A	25%		\$18,250	1	1	1	1	1
DISPENSARY DIRECT LABOR										
			Weekly Hours	#						
General Manager & Head of Compliance	\$100,000	\$48.1	40	1	\$100,000	1	1	1	1	1
Assistant General Manager	\$75,000	\$36.1	40	1	\$75,000	1	1	1	1	1
Retail Agents (Part Time)	\$43,680	\$21.0	30	8	\$32,760	8	8	8	8	8
Receptionist (Part Time)	\$36,400	\$17.5	30	2	\$27,300	2	2	2	2	2
Distribution Manager (If Applicable)	\$75,000	\$36.1	40	0	\$0	1	1	1	1	1
Delivery Agent (If Applicable)	\$45,760	\$22.0	40	0	\$45,760	3	3	3	3	3
Total Monthly Payroll						\$68,213	\$68,213	\$68,213	\$68,213	\$68,213
Employee Benefits % (Workers Comp, Payroll Tax, Benefits)		30%				\$20,464	\$20,464	\$20,464	\$20,464	\$20,464
Total Monthly Payroll + Employee Benefits						\$88,677	\$88,677	\$88,677	\$88,677	\$88,677
THIRD PARTY PROFESSIONAL SUPPORT										
<i>Non-Employees</i>	Monthly Fee	Months per			Annual Cost					
Outsourced City Attorney + Contracted	\$2,000	12			\$24,000	1	1	1	1	1
Convergent Contracted For Security Monitoring	\$1,500	12			\$18,000	1	1	1	1	1
Contracted Loffler (Computers)	\$1,000	12			\$12,000	1	1	1	1	1
Outsourced Director of Security	\$10,000	12			\$120,000	1	1	1	1	1
Outsourced Security Agent(s)	\$7,500	12			\$90,000	3	3	3	3	3
Contracted Certified Public Accountant	\$500	12			\$6,000	1	1	1	1	1
Total Monthly Third-Party Support						\$37,500	\$37,500	\$37,500	\$37,500	\$37,500
Total Monthly Personnel + Third-Party						\$126,177	\$126,177	\$126,177	\$126,177	\$126,177

						36	FY4	38	39	40
						Y3M12	37	Y4M2	Y4M3	Y4M4
CITY ROLES							Y4M1			
Officers/Managers (SG&A)	City Salary	Direct Labor Hourly Wage	% of Time - Dispensary		Annual Dispensary Cost					
City Manager	\$180,000	N/A	6%		\$10,800	1	1	1	1	1
Deputy City Manager (CFO/HRO)	\$135,000	N/A	20%		\$27,000	1	1	1	1	1
Communications Coordinator	\$81,000	N/A	15%		\$12,150	1	1	1	1	1
Parks & Facilities Manager	\$81,000	N/A	15%		\$12,150	1	1	1	1	1
HR Generalist	\$85,000	N/A	10%		\$8,500	1	1	1	1	1
Senior Accountant	\$103,000	N/A	25%		\$25,750	1	1	1	1	1
Accountant	\$73,000	N/A	25%		\$18,250	1	1	1	1	1
DISPENSARY DIRECT LABOR										
			Weekly Hours	#						
General Manager & Head of Compliance	\$100,000	\$48.1	40	1	\$100,000	1	1	1	1	1
Assistant General Manager	\$75,000	\$36.1	40	1	\$75,000	1	1	1	1	1
Retail Agents (Part Time)	\$43,680	\$21.0	30	8	\$32,760	8	8	8	8	8
Receptionist (Part Time)	\$36,400	\$17.5	30	2	\$27,300	2	2	2	2	2
Distribution Manager (If Applicable)	\$75,000	\$36.1	40	0	\$0	1	1	1	1	1
Delivery Agent (If Applicable)	\$45,760	\$22.0	40	0	\$45,760	3	3	3	3	3
Total Monthly Payroll						\$68,213	\$68,213	\$68,213	\$68,213	\$68,213
Employee Benefits % (Workers Comp, Payroll Tax, Benefits)						\$20,464	\$20,464	\$20,464	\$20,464	\$20,464
Total Monthly Payroll + Employee Benefits						\$88,677	\$88,677	\$88,677	\$88,677	\$88,677
THIRD PARTY PROFESSIONAL SUPPORT						Annual Cost				
Non-Employees	Monthly Fee	Months per								
Outsourced City Attorney + Contracted	\$2,000	12			\$24,000	1	1	1	1	1
Convergent Contracted For Security Monitoring	\$1,500	12			\$18,000	1	1	1	1	1
Contracted Loffler (Computers)	\$1,000	12			\$12,000	1	1	1	1	1
Outsourced Director of Security	\$10,000	12			\$120,000	1	1	1	1	1
Outsourced Security Agent(s)	\$7,500	12			\$90,000	3	3	3	3	3
Contracted Certified Public Accountant	\$500	12			\$6,000	1	1	1	1	1
Total Monthly Third-Party Support						\$37,500	\$37,500	\$37,500	\$37,500	\$37,500
Total Monthly Personnel + Third-Party						\$126,177	\$126,177	\$126,177	\$126,177	\$126,177

						41	42	43	44	45	
						Y4M5	Y4M6	Y4M7	Y4M8	Y4M9	
CITY ROLES											
					Annual Dispensary Cost						
Officers/Managers (SG&A)	City Salary	Direct Labor Hourly Wage	% of Time - Dispensary								
City Manager	\$180,000	N/A	6%		\$10,800	1	1	1	1	1	
Deputy City Manager (CFO/HRO)	\$135,000	N/A	20%		\$27,000	1	1	1	1	1	
Communications Coordinator	\$81,000	N/A	15%		\$12,150	1	1	1	1	1	
Parks & Facilities Manager	\$81,000	N/A	15%		\$12,150	1	1	1	1	1	
HR Generalist	\$85,000	N/A	10%		\$8,500	1	1	1	1	1	
Senior Accountant	\$103,000	N/A	25%		\$25,750	1	1	1	1	1	
Accountant	\$73,000	N/A	25%		\$18,250	1	1	1	1	1	
DISPENSARY DIRECT LABOR											
					Weekly Hours	#					
General Manager & Head of Compliance	\$100,000	\$48.1	40	1	\$100,000	1	1	1	1	1	
Assistant General Manager	\$75,000	\$36.1	40	1	\$75,000	1	1	1	1	1	
Retail Agents (Part Time)	\$43,680	\$21.0	30	8	\$32,760	8	8	8	8	8	
Receptionist (Part Time)	\$36,400	\$17.5	30	2	\$27,300	2	2	2	2	2	
Distribution Manager (If Applicable)	\$75,000	\$36.1	40	0	\$0	1	1	1	1	1	
Delivery Agent (If Applicable)	\$45,760	\$22.0	40	0	\$45,760	3	3	3	3	3	
Total Monthly Payroll						\$68,213	\$68,213	\$68,213	\$68,213	\$68,213	
Employee Benefits % (Workers Comp, Payroll Tax, Benefits)		30%				\$20,464	\$20,464	\$20,464	\$20,464	\$20,464	
Total Monthly Payroll + Employee Benefits						\$88,677	\$88,677	\$88,677	\$88,677	\$88,677	
THIRD PARTY PROFESSIONAL SUPPORT						Annual Cost					
Non-Employees	Monthly Fee	Months per									
Outsourced City Attorney + Contracted	\$2,000	12									
Convergent Contracted For Security Monitoring	\$1,500	12									
Contracted Loffler (Computers)	\$1,000	12									
Outsourced Director of Security	\$10,000	12									
Outsourced Security Agent(s)	\$7,500	12									
Contracted Certified Public Accountant	\$500	12									
Total Monthly Third-Party Support						\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	
Total Monthly Personnel + Third-Party						\$126,177	\$126,177	\$126,177	\$126,177	\$126,177	

						46	47	48	FY5	
						Y4M10	Y4M11	Y4M12	49	50
									Y5M1	Y5M2
CITY ROLES										
						Annual Dispersary Cost				
Officers/Managers (SG&A)	City Salary	Direct Labor Hourly Wage	% of Time - Dispersary							
City Manager	\$180,000	N/A	6%			\$10,800	1	1	1	1
Deputy City Manager (CFO/HRO)	\$135,000	N/A	20%			\$27,000	1	1	1	1
Communications Coordinator	\$81,000	N/A	15%			\$12,150	1	1	1	1
Parks & Facilities Manager	\$81,000	N/A	15%			\$12,150	1	1	1	1
HR Generalist	\$85,000	N/A	10%			\$8,500	1	1	1	1
Senior Accountant	\$103,000	N/A	25%			\$25,750	1	1	1	1
Accountant	\$73,000	N/A	25%			\$18,250	1	1	1	1
DISPENSARY DIRECT LABOR										
			Weekly Hours	#						
General Manager & Head of Compliance	\$100,000	\$48.1	40	1	\$100,000	1	1	1	1	1
Assistant General Manager	\$75,000	\$36.1	40	1	\$75,000	1	1	1	1	1
Retail Agents (Part Time)	\$43,680	\$21.0	30	8	\$32,760	8	8	8	8	8
Receptionist (Part Time)	\$36,400	\$17.5	30	2	\$27,300	2	2	2	2	2
Distribution Manager (If Applicable)	\$75,000	\$36.1	40	0	\$0	1	1	1	1	1
Delivery Agent (If Applicable)	\$45,760	\$22.0	40	0	\$45,760	3	3	3	3	3
Total Monthly Payroll						\$68,213	\$68,213	\$68,213	\$68,213	\$68,213
Employee Benefits % (Workers Comp, Payroll Tax, Benefits)						\$20,464	\$20,464	\$20,464	\$20,464	\$20,464
Total Monthly Payroll + Employee Benefits						\$88,677	\$88,677	\$88,677	\$88,677	\$88,677
THIRD PARTY PROFESSIONAL SUPPORT						Annual Cost				
Non-Employees	Monthly Fee	Months per								
Outsourced City Attorney + Contracted	\$2,000	12			\$24,000	1	1	1	1	1
Convergent Contracted For Security Monitoring	\$1,500	12			\$18,000	1	1	1	1	1
Contracted Loffler (Computers)	\$1,000	12			\$12,000	1	1	1	1	1
Outsourced Director of Security	\$10,000	12			\$120,000	1	1	1	1	1
Outsourced Security Agent(s)	\$7,500	12			\$90,000	3	3	3	3	3
Contracted Certified Public Accountant	\$500	12			\$6,000	1	1	1	1	1
Total Monthly Third-Party Support						\$37,500	\$37,500	\$37,500	\$37,500	\$37,500
Total Monthly Personnel + Third-Party						\$126,177	\$126,177	\$126,177	\$126,177	\$126,177

						51	52	53	54	55
						Y5M3	Y5M4	Y5M5	Y5M6	Y5M7
CITY ROLES										
					Annual Dispensary Cost					
Officers/Managers (SG&A)	City Salary	Direct Labor Hourly Wage	% of Time - Dispensary							
City Manager	\$180,000	N/A	6%		\$10,800	1	1	1	1	1
Deputy City Manager (CFO/HRO)	\$135,000	N/A	20%		\$27,000	1	1	1	1	1
Communications Coordinator	\$81,000	N/A	15%		\$12,150	1	1	1	1	1
Parks & Facilities Manager	\$81,000	N/A	15%		\$12,150	1	1	1	1	1
HR Generalist	\$85,000	N/A	10%		\$8,500	1	1	1	1	1
Senior Accountant	\$103,000	N/A	25%		\$25,750	1	1	1	1	1
Accountant	\$73,000	N/A	25%		\$18,250	1	1	1	1	1
DISPENSARY DIRECT LABOR										
				Weekly Hours	#					
General Manager & Head of Compliance	\$100,000	\$48.1	40	1	\$100,000	1	1	1	1	1
Assistant General Manager	\$75,000	\$36.1	40	1	\$75,000	1	1	1	1	1
Retail Agents (Part Time)	\$43,680	\$21.0	30	8	\$32,760	8	8	8	8	8
Receptionist (Part Time)	\$36,400	\$17.5	30	2	\$27,300	2	2	2	2	2
Distribution Manager (If Applicable)	\$75,000	\$36.1	40	0	\$0	1	1	1	1	1
Delivery Agent (If Applicable)	\$45,760	\$22.0	40	0	\$45,760	3	3	3	3	3
Total Monthly Payroll						\$68,213	\$68,213	\$68,213	\$68,213	\$68,213
Employee Benefits % (Workers Comp, Payroll Tax, Benefits)		30%				\$20,464	\$20,464	\$20,464	\$20,464	\$20,464
Total Monthly Payroll + Employee Benefits						\$88,677	\$88,677	\$88,677	\$88,677	\$88,677
THIRD PARTY PROFESSIONAL SUPPORT						Annual Cost				
Non-Employees	Monthly Fee	Months per								
Outsourced City Attorney + Contracted	\$2,000	12								
Convergent Contracted For Security Monitoring	\$1,500	12								
Contracted Loffler (Computers)	\$1,000	12								
Outsourced Director of Security	\$10,000	12								
Outsourced Security Agent(s)	\$7,500	12								
Contracted Certified Public Accountant	\$500	12								
Total Monthly Third-Party Support						\$37,500	\$37,500	\$37,500	\$37,500	\$37,500
Total Monthly Personnel + Third-Party						\$126,177	\$126,177	\$126,177	\$126,177	\$126,177

						56	57	58	59	60
						Y5M8	Y5M9	Y5M10	Y5M11	Y5M12
CITY ROLES										
<i>Officers/Managers (SG&A)</i>	City Salary	Direct Labor Hourly Wage	% of Time - Dispensary			Annual Dispensary Cost				
City Manager	\$180,000	N/A	6%			\$10,800	1	1	1	1
Deputy City Manager (CFO/HRO)	\$135,000	N/A	20%			\$27,000	1	1	1	1
Communications Coordinator	\$81,000	N/A	15%			\$12,150	1	1	1	1
Parks & Facilities Manager	\$81,000	N/A	15%			\$12,150	1	1	1	1
HR Generalist	\$85,000	N/A	10%			\$8,500	1	1	1	1
Senior Accountant	\$103,000	N/A	25%			\$25,750	1	1	1	1
Accountant	\$73,000	N/A	25%			\$18,250	1	1	1	1
DISPENSARY DIRECT LABOR										
			Weekly Hours	#						
General Manager & Head of Compliance	\$100,000	\$48.1	40	1	\$100,000	1	1	1	1	1
Assistant General Manager	\$75,000	\$36.1	40	1	\$75,000	1	1	1	1	1
Retail Agents (Part Time)	\$43,680	\$21.0	30	8	\$32,760	8	8	8	8	8
Receptionist (Part Time)	\$36,400	\$17.5	30	2	\$27,300	2	2	2	2	2
Distribution Manager (If Applicable)	\$75,000	\$36.1	40	0	\$0	1	1	1	1	1
Delivery Agent (If Applicable)	\$45,760	\$22.0	40	0	\$45,760	3	3	3	3	3
Total Monthly Payroll						\$68,213	\$68,213	\$68,213	\$68,213	\$68,213
Employee Benefits % (Workers Comp, Payroll Tax, Benefits)						\$20,464	\$20,464	\$20,464	\$20,464	\$20,464
Total Monthly Payroll + Employee Benefits						\$88,677	\$88,677	\$88,677	\$88,677	\$88,677
THIRD PARTY PROFESSIONAL SUPPORT										
<i>Non-Employees</i>	Monthly Fee	Months per				Annual Cost				
Outsourced City Attorney + Contracted	\$2,000	12				\$24,000	1	1	1	1
Convergent Contracted For Security Monitoring	\$1,500	12				\$18,000	1	1	1	1
Contracted Loffler (Computers)	\$1,000	12				\$12,000	1	1	1	1
Outsourced Director of Security	\$10,000	12				\$120,000	1	1	1	1
Outsourced Security Agent(s)	\$7,500	12				\$90,000	3	3	3	3
Contracted Certified Public Accountant	\$500	12				\$6,000	1	1	1	1
Total Monthly Third-Party Support						\$37,500	\$37,500	\$37,500	\$37,500	\$37,500
Total Monthly Personnel + Third-Party						\$126,177	\$126,177	\$126,177	\$126,177	\$126,177

Annual Financial Statements

ANNUAL PRO FORMA					
FROM MONTH 1 YEAR 1 TO MONTH 12 YEAR 5					
	Y1	Y2	Y3	Y4	Y5
Sales Revenue	\$0	\$1,110,349	\$7,998,781	\$8,278,738	\$8,437,690
Cost of Goods Sold	\$0	\$499,657	\$3,599,451	\$3,725,432	\$3,796,960
Gross Profit	\$0	\$610,692	\$4,399,329	\$4,553,306	\$4,640,729
Startup Expenses	\$80,000	\$1,094,506	\$0	\$0	\$0
Operating Expenses	\$0	\$411,430	\$2,070,839	\$2,120,499	\$2,173,139
Operating Income	(\$80,000)	(\$895,245)	\$2,328,491	\$2,432,807	\$2,467,590
ITDA Expenses	\$0	\$152,663	\$1,117,343	\$1,156,850	\$1,177,600
Net Income	(\$80,000)	(\$1,047,908)	\$1,211,148	\$1,275,957	\$1,289,990
ANALYSIS (%)					
Sales Revenue	#DIV/0!	100.00%	100.00%	100.00%	100.00%
Cost of Goods Sold	#DIV/0!	45.00%	45.00%	45.00%	45.00%
Gross Profit	#DIV/0!	55.00%	55.00%	55.00%	55.00%
Startup Expenses	#DIV/0!	98.57%	25.89%	0.00%	0.00%
Operating Expenses	#DIV/0!	37.05%	29.11%	25.61%	25.76%
Operating Income	#DIV/0!	-80.63%	29.11%	29.39%	29.24%
ITDA Expenses	#DIV/0!	13.75%	13.97%	13.97%	13.96%
Net Income	#DIV/0!	-94.38%	15.14%	15.41%	15.29%

VALUATION ANALYSIS			
Discounted Cash Flow Valuation			
Discount Rate		10%	15%
Enterprise Value	\$	1,968,602	\$ 1,652,250
Multiple Valuation			
		Multiple	FY2028
Gross Profit		2	\$9,281,459
Operating Income		3	\$7,402,771

STATEMENT OF CASH FLOWS					
FROM MONTH 1 YEAR 1 TO MONTH 12 YEAR 5					
	Y1	Y2	Y3	Y4	Y5
Starting Cash Balance	\$0	(\$80,000)	\$406,287	\$1,183,275	\$1,949,909
Cash from Operating Activities	(\$80,000)	(\$1,042,341)	\$1,244,548	\$1,309,357	\$1,323,390
Cash from Investing Activities	\$0	\$0	\$0	\$0	\$0
Cash from Financing Activities	\$0	\$1,528,628	(\$467,560)	(\$542,722)	(\$518,345)
Total Change in Cash	(\$80,000)	\$486,287	\$776,988	\$766,635	\$805,045
Ending Cash Balance	(\$80,000)	\$406,287	\$1,183,275	\$1,949,909	\$2,754,955

YEAR-END BALANCE SHEET					
FROM MONTH 1 YEAR 1 TO MONTH 12 YEAR 5					
	Y1	Y2	Y3	Y4	Y5
Assets	(\$80,000)	\$634,520	\$1,378,108	\$2,111,343	\$2,882,988
Liabilities	\$0	\$1,528,628	\$1,061,068	\$518,345	(\$0)
Owners Equity	(\$80,000)	(\$1,127,908)	\$83,240	\$1,359,198	\$2,649,188
Liabilities & Owners Equity	(\$80,000)	\$400,720	\$1,144,308	\$1,877,543	\$2,649,188

Monthly Pro Forma

	Acquire License/Approval									
	FY1									
	1	2	3	4	5	6	7	8	9	10
	Y1M1	Y1M2	Y1M3	Y1M4	Y1M5	Y1M6	Y1M7	Y1M8	Y1M9	Y1M10
REVENUE										
Retail Revenue										
Flower (3.5g)										
Flower (7g)										
Pre-Roll 5-pack (3.5g)										
Bulk Flower Trim (7g)										
Vaporizer Cartridges (500mg)										
Extracts (500mg)										
Edibles (100mg)										
Beverages (100mg)										
Other Cannabis Products (100mg)										
Non-Cannabis Goods										
(LESS) Discounts										
Delivery Revenue										
Flower (3.5g)										
Flower (7g)										
Pre-Roll 5-pack (3.5g)										
Bulk Flower Trim (7g)										
Vaporizer Cartridges (500mg)										
Extracts (500mg)										
Edibles (100mg)										
Beverages (100mg)										
Other Cannabis Products (100mg)										
Non-Cannabis Goods										
(LESS) Discounts										
Total Revenue										
COST OF GOODS SOLD										
Wholesale Retail Product Cost										
Wholesale Delivery Product Cost										
(LESS) Total Cost of Goods Sold										

Gross Profit											
EXPENSES											
Startup Expenses											
Beginning Inventory											
Equipment											
Facility Acquisition and Improvements	\$0										
Furniture and Fixtures											
Marketing and Advertising											
Pre-Operational Staffing											
State and Local License Procurement											\$80,000
Startup Cost Contingency											
Operating Expenses											
Annual Licensing											
Facility and Vehicle Maintenance											
Insurance											
Marketing & Sales											
Memberships & Certifications											
Miscellaneous											
Operating Contingency											
Personnel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Professional Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Rent											
Security Monitoring & Software											
Software, Phone & Internet											
Supplies											
Utilities											
Waste/Janitorial											
(LESS) Total Startup and Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$80,000	\$0
Net Operating Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$80,000)	\$0
NON-OPERATING EXPENSES											
Corporate Taxes											
Federal Tax											
State Tax											
Local Tax											
Depreciation											
Depreciation Expense											
Interest											
Interest Payment											
(LESS) Total Interest, Tax, Depreciation Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Income/Loss	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$80,000)	\$0
Breakeven Analysis											
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$80,000)	(\$80,000)
Depreciation Calculator											
Total Asset Value											
Monthly Asset Depreciation											
Loan Repayment and Interest Calculator											
Monthly Starting Loan Balance											
Monthly Loan Repayment											
Monthly Ending Loan Balance											
Monthly Interest Payments											

	11	12	FY2							
	Y1M11	Y1M12	13	14	15	Begin Construction/Renovations				
			Y2M1	Y2M2	Y2M3	Y2M4	Y2M5	Y2M6	Y2M7	Y2M8
REVENUE										
Retail Revenue										
Flower (3.5g)										
Flower (7g)										
Pre-Roll 5-pack (3.5g)										
Bulk Flower Trim (7g)										
Vaporizer Cartridges (500mg)										
Extracts (500mg)										
Edibles (100mg)										
Beverages (100mg)										
Other Cannabis Products (100mg)										
Non-Cannabis Goods										
(LESS) Discounts										
Delivery Revenue										
Flower (3.5g)										
Flower (7g)										
Pre-Roll 5-pack (3.5g)										
Bulk Flower Trim (7g)										
Vaporizer Cartridges (500mg)										
Extracts (500mg)										
Edibles (100mg)										
Beverages (100mg)										
Other Cannabis Products (100mg)										
Non-Cannabis Goods										
(LESS) Discounts										
Total Revenue										
COST OF GOODS SOLD										
Wholesale Retail Product Cost										
Wholesale Delivery Product Cost										
(LESS) Total Cost of Goods Sold										

Gross Profit											
EXPENSES											
Startup Expenses											
Beginning Inventory											
Equipment											\$97,750
Facility Acquisition and Improvements						\$64,375	\$64,375	\$64,375	\$64,375		\$64,375
Furniture and Fixtures											\$19,150
Marketing and Advertising											
Pre-Operational Staffing											
State and Local License Procurement											
Startup Cost Contingency					\$10,966	\$10,966	\$10,966	\$10,966	\$10,966		\$10,966
Operating Expenses											
Annual Licensing											
Facility and Vehicle Maintenance											
Insurance											
Marketing & Sales											
Memberships & Certifications											
Miscellaneous											
Operating Contingency											
Personnel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,833
Professional Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Rent											
Security Monitoring & Software											
Software, Phone & Internet											
Supplies											
Utilities											
Waste/Janitorial											
(LESS) Total Startup and Operating Expenses	\$0	\$0	\$0	\$0	\$10,966	\$75,341	\$75,341	\$75,341	\$75,341	\$75,341	\$203,074
Net Operating Income	\$0	\$0	\$0	\$0	(\$10,966)	(\$75,341)	(\$75,341)	(\$75,341)	(\$75,341)	(\$75,341)	(\$203,074)
NON-OPERATING EXPENSES											
Corporate Taxes											
Federal Tax											
State Tax											
Local Tax											
Depreciation											
Depreciation Expense											
Interest											
Interest Payment											
(LESS) Total Interest, Tax, Depreciation Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Income/Loss	\$0	\$0	\$0	\$0	(\$10,966)	(\$75,341)	(\$75,341)	(\$75,341)	(\$75,341)	(\$75,341)	(\$203,074)
Breakeven Analysis	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$90,966)	(\$166,307)	(\$241,647)	(\$316,988)	(\$392,329)	(\$595,403)	
Depreciation Calculator											
Total Asset Value											
Monthly Asset Depreciation											
Loan Repayment and Interest Calculator											
Monthly Starting Loan Balance				\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000
Monthly Loan Repayment											
Monthly Ending Loan Balance				\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000
Monthly Interest Payments											

	Open Operation First Sale				FY3					
	21 Y2M9	22 Y2M10	23 Y2M11	24 Y2M12	25 Y3M1	26 Y3M2	27 Y3M3	28 Y3M4	29 Y3M5	30 Y3M6
REVENUE										
			1,912.89	1,912.89	2,391.11	2,391.11	2,391.11	2,391.11	2,391.11	2,391.11
Retail Revenue										
Flower (3.5g)			\$41,451	\$41,451	\$47,668	\$47,668	\$47,668	\$47,668	\$47,668	\$75,134
Flower (7g)			\$19,506	\$19,506	\$22,432	\$22,432	\$22,432	\$22,432	\$22,432	\$35,357
Pre-Roll 5-pack (3.5g)			\$34,136	\$34,136	\$39,256	\$39,256	\$39,256	\$39,256	\$39,256	\$61,875
Bulk Flower Trim (7g)			\$29,259	\$29,259	\$33,648	\$33,648	\$33,648	\$33,648	\$33,648	\$53,036
Vaporizer Cartridges (500mg)			\$36,574	\$36,574	\$42,060	\$42,060	\$42,060	\$42,060	\$42,060	\$66,294
Extracts (500mg)			\$34,136	\$34,136	\$39,256	\$39,256	\$39,256	\$39,256	\$39,256	\$61,875
Edibles (100mg)			\$21,944	\$21,944	\$25,236	\$25,236	\$25,236	\$25,236	\$25,236	\$39,777
Beverages (100mg)			\$7,315	\$7,315	\$8,412	\$8,412	\$8,412	\$8,412	\$8,412	\$13,259
Other Cannabis Products (100mg)			\$17,068	\$17,068	\$19,628	\$19,628	\$19,628	\$19,628	\$19,628	\$30,937
Non-Cannabis Goods			\$17,068	\$17,068	\$19,628	\$19,628	\$19,628	\$19,628	\$19,628	\$30,937
(LESS) Discounts			(\$3,877)	(\$3,877)	(\$4,458)	(\$4,458)	(\$4,458)	(\$4,458)	(\$4,458)	(\$7,027)
Delivery Revenue										
Flower (3.5g)			\$51,879	\$51,879	\$59,661	\$59,661	\$59,661	\$59,661	\$59,661	\$59,661
Flower (7g)			\$24,414	\$24,414	\$28,076	\$28,076	\$28,076	\$28,076	\$28,076	\$28,076
Pre-Roll 5-pack (3.5g)			\$42,724	\$42,724	\$49,133	\$49,133	\$49,133	\$49,133	\$49,133	\$49,133
Bulk Flower Trim (7g)			\$36,621	\$36,621	\$42,114	\$42,114	\$42,114	\$42,114	\$42,114	\$42,114
Vaporizer Cartridges (500mg)			\$45,776	\$45,776	\$52,642	\$52,642	\$52,642	\$52,642	\$52,642	\$52,642
Extracts (500mg)			\$42,724	\$42,724	\$49,133	\$49,133	\$49,133	\$49,133	\$49,133	\$49,133
Edibles (100mg)			\$27,466	\$27,466	\$31,585	\$31,585	\$31,585	\$31,585	\$31,585	\$31,585
Beverages (100mg)			\$9,155	\$9,155	\$10,528	\$10,528	\$10,528	\$10,528	\$10,528	\$10,528
Other Cannabis Products (100mg)			\$21,362	\$21,362	\$24,566	\$24,566	\$24,566	\$24,566	\$24,566	\$24,566
Non-Cannabis Goods			\$3,052	\$3,052	\$3,509	\$3,509	\$3,509	\$3,509	\$3,509	\$3,509
(LESS) Discounts			(\$4,578)	(\$4,578)	(\$5,264)	(\$5,264)	(\$5,264)	(\$5,264)	(\$5,264)	(\$5,264)
Total Revenue			\$555,174	\$555,174	\$638,451	\$638,451	\$638,451	\$638,451	\$638,451	\$807,138
COST OF GOODS SOLD										
Wholesale Retail Product Cost			\$114,561	\$114,561	\$131,745	\$131,745	\$131,745	\$131,745	\$131,745	\$207,654
Wholesale Delivery Product Cost			\$135,268	\$135,268	\$155,558	\$155,558	\$155,558	\$155,558	\$155,558	\$155,558
(LESS) Total Cost of Goods Sold			\$249,828	\$249,828	\$287,303	\$287,303	\$287,303	\$287,303	\$287,303	\$363,212

Gross Profit			\$305,346	\$305,346	\$351,148	\$351,148	\$351,148	\$351,148	\$351,148	\$443,926
EXPENSES										
Startup Expenses										
Beginning Inventory		\$247,050								
Equipment	\$97,750									
Facility Acquisition and Improvements	\$64,375									
Furniture and Fixtures	\$19,150									
Marketing and Advertising		\$40,000								
Pre-Operational Staffing		\$98,180								
State and Local License Procurement		\$1,500								
Startup Cost Contingency	\$10,966	\$10,966								
Operating Expenses										
Annual Licensing							\$5,000			
Facility and Vehicle Maintenance			\$2,500	\$2,500	\$2,650	\$2,650	\$2,650	\$2,650	\$2,650	\$2,650
Insurance			\$4,000	\$4,000	\$4,240	\$4,240	\$4,240	\$4,240	\$4,240	\$4,240
Marketing & Sales			\$30,000	\$30,000	\$31,800	\$31,800	\$31,800	\$31,800	\$31,800	\$31,800
Memberships & Certifications			\$800	\$800	\$848	\$848	\$848	\$848	\$848	\$848
Miscellaneous			\$3,500	\$3,500	\$3,710	\$3,710	\$3,710	\$3,710	\$3,710	\$3,710
Operating Contingency			\$12,494	\$12,494	\$13,243	\$13,243	\$13,243	\$13,243	\$13,243	\$13,243
Personnel	\$10,833	\$53,265	\$65,680	\$65,680	\$65,680	\$65,680	\$65,680	\$65,680	\$65,680	\$65,680
Professional Services	\$0	\$0	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500
Property Rent			\$4,375	\$4,375	\$4,638	\$4,638	\$4,638	\$4,638	\$4,638	\$4,638
Security Monitoring & Software			\$1,500	\$1,500	\$1,590	\$1,590	\$1,590	\$1,590	\$1,590	\$1,590
Software, Phone & Internet			\$2,500	\$2,500	\$2,650	\$2,650	\$2,650	\$2,650	\$2,650	\$2,650
Supplies			\$1,500	\$1,500	\$1,590	\$1,590	\$1,590	\$1,590	\$1,590	\$1,590
Utilities			\$1,000	\$1,000	\$1,060	\$1,060	\$1,060	\$1,060	\$1,060	\$1,060
Waste/Janitorial			\$900	\$900	\$954	\$954	\$954	\$954	\$954	\$954
(LESS) Total Startup and Operating Expenses	\$203,074	\$450,961	\$168,249	\$168,249	\$172,153	\$172,153	\$172,153	\$177,153	\$172,153	\$172,153
Net Operating Income		(\$203,074)	(\$450,961)	\$137,097	\$137,097	\$178,995	\$178,995	\$178,995	\$173,995	\$271,772
NON-OPERATING EXPENSES										
Corporate Taxes										
Federal Tax			\$64,123	\$64,123	\$73,741	\$73,741	\$73,741	\$73,741	\$73,741	\$93,224
State Tax			\$9,425	\$9,425	\$12,306	\$12,306	\$12,306	\$11,962	\$12,306	\$18,684
Local Tax			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation										
Depreciation Expense			\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783
Interest										
Interest Payment			\$20,000	\$19,557	\$19,108	\$18,653	\$18,193	\$17,727	\$17,256	\$16,778
(LESS) Total Interest, Tax, Depreciation Expense	\$0	\$0	\$76,331	\$76,331	\$88,830	\$88,830	\$88,830	\$88,487	\$88,830	\$114,692
Net Income/Loss		(\$203,074)	(\$450,961)	\$60,765	\$60,765	\$90,164	\$90,164	\$90,164	\$85,508	\$157,080
Breakeven Analysis		(\$798,477)	(\$1,249,438)	(\$1,188,673)	(\$1,127,908)	(\$1,037,743)	(\$947,579)	(\$857,414)	(\$771,906)	(\$681,742)
Depreciation Calculator										
Total Asset Value		\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800
Monthly Asset Depreciation			\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783
Loan Repayment and Interest Calculator										
Monthly Starting Loan Balance	\$1,600,000	\$1,600,000	\$1,600,000	\$1,564,535	\$1,528,628	\$1,492,271	\$1,455,460	\$1,418,189	\$1,380,451	\$1,342,242
Monthly Loan Repayment			(\$35,465)	(\$35,908)	(\$36,357)	(\$36,811)	(\$37,271)	(\$37,737)	(\$38,209)	(\$38,686)
Monthly Ending Loan Balance	\$1,600,000	\$1,600,000	\$1,564,535	\$1,528,628	\$1,492,271	\$1,455,460	\$1,418,189	\$1,380,451	\$1,342,242	\$1,303,556
Monthly Interest Payments			(\$20,000)	(\$19,557)	(\$19,108)	(\$18,653)	(\$18,193)	(\$17,727)	(\$17,256)	(\$16,778)

	31	32	33	34	35	36	FY4			
	Y3M7	Y3M8	Y3M9	Y3M10	Y3M11	Y3M12	37	38	39	40
							Y4M1	Y4M2	Y4M3	Y4M4
REVENUE										
	2,391.11	2,391.11	2,391.11	2,391.11	2,391.11	2,391.11	2,749.78	2,749.78	2,749.78	2,749.78
Retail Revenue										
Flower (3.5g)	\$47,668	\$47,668	\$75,134	\$47,668	\$47,668	\$47,668	\$49,337	\$49,337	\$49,337	\$49,337
Flower (7g)	\$22,432	\$22,432	\$35,357	\$22,432	\$22,432	\$22,432	\$23,217	\$23,217	\$23,217	\$23,217
Pre-Roll 5-pack (3.5g)	\$39,256	\$39,256	\$61,875	\$39,256	\$39,256	\$39,256	\$40,630	\$40,630	\$40,630	\$40,630
Bulk Flower Trim (7g)	\$33,648	\$33,648	\$53,036	\$33,648	\$33,648	\$33,648	\$34,826	\$34,826	\$34,826	\$34,826
Vaporizer Cartridges (500mg)	\$42,060	\$42,060	\$66,294	\$42,060	\$42,060	\$42,060	\$43,532	\$43,532	\$43,532	\$43,532
Extracts (500mg)	\$39,256	\$39,256	\$61,875	\$39,256	\$39,256	\$39,256	\$40,630	\$40,630	\$40,630	\$40,630
Edibles (100mg)	\$25,236	\$25,236	\$39,777	\$25,236	\$25,236	\$25,236	\$26,119	\$26,119	\$26,119	\$26,119
Beverages (100mg)	\$8,412	\$8,412	\$13,259	\$8,412	\$8,412	\$8,412	\$8,706	\$8,706	\$8,706	\$8,706
Other Cannabis Products (100mg)	\$19,628	\$19,628	\$30,937	\$19,628	\$19,628	\$19,628	\$20,315	\$20,315	\$20,315	\$20,315
Non-Cannabis Goods	\$19,628	\$19,628	\$30,937	\$19,628	\$19,628	\$19,628	\$20,315	\$20,315	\$20,315	\$20,315
(LESS) Discounts	(\$4,458)	(\$4,458)	(\$7,027)	(\$4,458)	(\$4,458)	(\$4,458)	(\$4,614)	(\$4,614)	(\$4,614)	(\$4,614)
Delivery Revenue										
Flower (3.5g)	\$59,661	\$59,661	\$59,661	\$59,661	\$59,661	\$59,661	\$61,749	\$61,749	\$61,749	\$61,749
Flower (7g)	\$28,076	\$28,076	\$28,076	\$28,076	\$28,076	\$28,076	\$29,059	\$29,059	\$29,059	\$29,059
Pre-Roll 5-pack (3.5g)	\$49,133	\$49,133	\$49,133	\$49,133	\$49,133	\$49,133	\$50,852	\$50,852	\$50,852	\$50,852
Bulk Flower Trim (7g)	\$42,114	\$42,114	\$42,114	\$42,114	\$42,114	\$42,114	\$43,588	\$43,588	\$43,588	\$43,588
Vaporizer Cartridges (500mg)	\$52,642	\$52,642	\$52,642	\$52,642	\$52,642	\$52,642	\$54,485	\$54,485	\$54,485	\$54,485
Extracts (500mg)	\$49,133	\$49,133	\$49,133	\$49,133	\$49,133	\$49,133	\$50,852	\$50,852	\$50,852	\$50,852
Edibles (100mg)	\$31,585	\$31,585	\$31,585	\$31,585	\$31,585	\$31,585	\$32,691	\$32,691	\$32,691	\$32,691
Beverages (100mg)	\$10,528	\$10,528	\$10,528	\$10,528	\$10,528	\$10,528	\$10,897	\$10,897	\$10,897	\$10,897
Other Cannabis Products (100mg)	\$24,566	\$24,566	\$24,566	\$24,566	\$24,566	\$24,566	\$25,426	\$25,426	\$25,426	\$25,426
Non-Cannabis Goods	\$3,509	\$3,509	\$3,509	\$3,509	\$3,509	\$3,509	\$3,632	\$3,632	\$3,632	\$3,632
(LESS) Discounts	(\$5,264)	(\$5,264)	(\$5,264)	(\$5,264)	(\$5,264)	(\$5,264)	(\$5,448)	(\$5,448)	(\$5,448)	(\$5,448)
Total Revenue	\$638,451	\$638,451	\$807,138	\$638,451	\$638,451	\$638,451	\$660,796	\$660,796	\$660,796	\$660,796
COST OF GOODS SOLD										
Wholesale Retail Product Cost	\$131,745	\$131,745	\$207,654	\$131,745	\$131,745	\$131,745	\$136,356	\$136,356	\$136,356	\$136,356
Wholesale Delivery Product Cost	\$155,558	\$155,558	\$155,558	\$155,558	\$155,558	\$155,558	\$161,002	\$161,002	\$161,002	\$161,002
(LESS) Total Cost of Goods Sold	\$287,303	\$287,303	\$363,212	\$287,303	\$287,303	\$287,303	\$297,358	\$297,358	\$297,358	\$297,358

Gross Profit	\$351,148	\$351,148	\$443,926	\$351,148	\$351,148	\$351,148	\$363,438	\$363,438	\$363,438	\$363,438
EXPENSES										
Startup Expenses										
Beginning Inventory										
Equipment										
Facility Acquisition and Improvements										
Furniture and Fixtures										
Marketing and Advertising										
Pre-Operational Staffing										
State and Local License Procurement										
Startup Cost Contingency										
Operating Expenses										
Annual Licensing										\$5,000
Facility and Vehicle Maintenance	\$2,650	\$2,650	\$2,650	\$2,650	\$2,650	\$2,650	\$2,809	\$2,809	\$2,809	\$2,809
Insurance	\$4,240	\$4,240	\$4,240	\$4,240	\$4,240	\$4,240	\$4,494	\$4,494	\$4,494	\$4,494
Marketing & Sales	\$31,800	\$31,800	\$31,800	\$31,800	\$31,800	\$31,800	\$33,708	\$33,708	\$33,708	\$33,708
Memberships & Certifications	\$848	\$848	\$848	\$848	\$848	\$848	\$899	\$899	\$899	\$899
Miscellaneous	\$3,710	\$3,710	\$3,710	\$3,710	\$3,710	\$3,710	\$3,933	\$3,933	\$3,933	\$3,933
Operating Contingency	\$13,243	\$13,243	\$13,243	\$13,243	\$13,243	\$13,243	\$14,038	\$14,038	\$14,038	\$14,038
Personnel	\$65,680	\$65,680	\$65,680	\$65,680	\$65,680	\$65,680	\$65,680	\$65,680	\$65,680	\$65,680
Professional Services	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500
Property Rent	\$4,638	\$4,638	\$4,638	\$4,638	\$4,638	\$4,638	\$4,916	\$4,916	\$4,916	\$4,916
Security Monitoring & Software	\$1,590	\$1,590	\$1,590	\$1,590	\$1,590	\$1,590	\$1,685	\$1,685	\$1,685	\$1,685
Software, Phone & Internet	\$2,650	\$2,650	\$2,650	\$2,650	\$2,650	\$2,650	\$2,809	\$2,809	\$2,809	\$2,809
Supplies	\$1,590	\$1,590	\$1,590	\$1,590	\$1,590	\$1,590	\$1,685	\$1,685	\$1,685	\$1,685
Utilities	\$1,060	\$1,060	\$1,060	\$1,060	\$1,060	\$1,060	\$1,124	\$1,124	\$1,124	\$1,124
Waste/Janitorial	\$954	\$954	\$954	\$954	\$954	\$954	\$1,011	\$1,011	\$1,011	\$1,011
(LESS) Total Startup and Operating Expenses	\$172,153	\$172,153	\$172,153	\$172,153	\$172,153	\$172,153	\$176,292	\$176,292	\$176,292	\$181,292
Net Operating Income	\$178,995	\$178,995	\$271,772	\$178,995	\$178,995	\$178,995	\$187,146	\$187,146	\$187,146	\$182,146
NON-OPERATING EXPENSES										
Corporate Taxes										
Federal Tax	\$73,741	\$73,741	\$93,224	\$73,741	\$73,741	\$73,741	\$76,322	\$76,322	\$76,322	\$76,322
State Tax	\$12,306	\$12,306	\$18,684	\$12,306	\$12,306	\$12,306	\$12,866	\$12,866	\$12,866	\$12,523
Local Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation										
Depreciation Expense	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783
Interest										
Interest Payment	\$16,294	\$15,805	\$15,309	\$14,807	\$14,299	\$13,784	\$13,263	\$12,736	\$12,202	\$11,661
(LESS) Total Interest, Tax, Depreciation Expense	\$88,830	\$88,830	\$114,692	\$88,830	\$88,830	\$88,830	\$91,972	\$91,972	\$91,972	\$91,628
Net Income/Loss	\$90,164	\$90,164	\$157,080	\$90,164	\$90,164	\$90,164	\$95,175	\$95,175	\$95,175	\$90,519
Breakeven Analysis	(\$434,497)	(\$344,333)	(\$187,253)	(\$97,088)	(\$8,924)	\$83,240	\$178,415	\$273,590	\$368,765	\$459,283
Depreciation Calculator										
Total Asset Value	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800
Monthly Asset Depreciation	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783
Loan Repayment and Interest Calculator										
Monthly Starting Loan Balance	\$1,303,556	\$1,264,386	\$1,224,726	\$1,184,571	\$1,143,913	\$1,102,748	\$1,061,068	\$1,018,866	\$976,138	\$932,875
Monthly Loan Repayment	(\$39,170)	(\$39,660)	(\$40,155)	(\$40,657)	(\$41,166)	(\$41,680)	(\$42,201)	(\$42,729)	(\$43,263)	(\$43,804)
Monthly Ending Loan Balance	\$1,264,386	\$1,224,726	\$1,184,571	\$1,143,913	\$1,102,748	\$1,061,068	\$1,018,866	\$976,138	\$932,875	\$889,071
Monthly Interest Payments	(\$16,294)	(\$15,805)	(\$15,309)	(\$14,807)	(\$14,299)	(\$13,784)	(\$13,263)	(\$12,736)	(\$12,202)	(\$11,661)

	41	42	43	44	45	46	47	48	FY5	0.0192
	Y4M5	Y4M6	Y4M7	Y4M8	Y4M9	Y4M10	Y4M11	Y4M12	49	50
	Y5M1	Y5M2								
REVENUE										
	2,749.78	2,749.78	2,749.78	2,749.78	2,749.78	2,749.78	2,749.78	2,749.78	3,079.75	3,079.75
Retail Revenue										
Flower (3.5g)	\$49,337	\$77,763	\$49,337	\$49,337	\$77,763	\$49,337	\$49,337	\$49,337	\$50,284	\$50,284
Flower (7g)	\$23,217	\$36,595	\$23,217	\$23,217	\$36,595	\$23,217	\$23,217	\$23,217	\$23,663	\$23,663
Pre-Roll 5-pack (3.5g)	\$40,630	\$64,040	\$40,630	\$40,630	\$64,040	\$40,630	\$40,630	\$40,630	\$41,410	\$41,410
Bulk Flower Trim (7g)	\$34,826	\$54,892	\$34,826	\$34,826	\$54,892	\$34,826	\$34,826	\$34,826	\$35,494	\$35,494
Vaporizer Cartridges (500mg)	\$43,532	\$68,615	\$43,532	\$43,532	\$68,615	\$43,532	\$43,532	\$43,532	\$44,368	\$44,368
Extracts (500mg)	\$40,630	\$64,040	\$40,630	\$40,630	\$64,040	\$40,630	\$40,630	\$40,630	\$41,410	\$41,410
Edibles (100mg)	\$26,119	\$41,169	\$26,119	\$26,119	\$41,169	\$26,119	\$26,119	\$26,119	\$26,621	\$26,621
Beverages (100mg)	\$8,706	\$13,723	\$8,706	\$8,706	\$13,723	\$8,706	\$8,706	\$8,706	\$8,874	\$8,874
Other Cannabis Products (100mg)	\$20,315	\$32,020	\$20,315	\$20,315	\$32,020	\$20,315	\$20,315	\$20,315	\$20,705	\$20,705
Non-Cannabis Goods	\$20,315	\$32,020	\$20,315	\$20,315	\$32,020	\$20,315	\$20,315	\$20,315	\$20,705	\$20,705
(LESS) Discounts	(\$4,614)	(\$7,273)	(\$4,614)	(\$4,614)	(\$7,273)	(\$4,614)	(\$4,614)	(\$4,614)	(\$4,703)	(\$4,703)
Delivery Revenue										
Flower (3.5g)	\$61,749	\$61,749	\$61,749	\$61,749	\$61,749	\$61,749	\$61,749	\$61,749	\$62,935	\$62,935
Flower (7g)	\$29,059	\$29,059	\$29,059	\$29,059	\$29,059	\$29,059	\$29,059	\$29,059	\$29,616	\$29,616
Pre-Roll 5-pack (3.5g)	\$50,852	\$50,852	\$50,852	\$50,852	\$50,852	\$50,852	\$50,852	\$50,852	\$51,829	\$51,829
Bulk Flower Trim (7g)	\$43,588	\$43,588	\$43,588	\$43,588	\$43,588	\$43,588	\$43,588	\$43,588	\$44,425	\$44,425
Vaporizer Cartridges (500mg)	\$54,485	\$54,485	\$54,485	\$54,485	\$54,485	\$54,485	\$54,485	\$54,485	\$55,531	\$55,531
Extracts (500mg)	\$50,852	\$50,852	\$50,852	\$50,852	\$50,852	\$50,852	\$50,852	\$50,852	\$51,829	\$51,829
Edibles (100mg)	\$32,691	\$32,691	\$32,691	\$32,691	\$32,691	\$32,691	\$32,691	\$32,691	\$33,319	\$33,319
Beverages (100mg)	\$10,897	\$10,897	\$10,897	\$10,897	\$10,897	\$10,897	\$10,897	\$10,897	\$11,106	\$11,106
Other Cannabis Products (100mg)	\$25,426	\$25,426	\$25,426	\$25,426	\$25,426	\$25,426	\$25,426	\$25,426	\$25,914	\$25,914
Non-Cannabis Goods	\$3,632	\$3,632	\$3,632	\$3,632	\$3,632	\$3,632	\$3,632	\$3,632	\$3,702	\$3,702
(LESS) Discounts	(\$5,448)	(\$5,448)	(\$5,448)	(\$5,448)	(\$5,448)	(\$5,448)	(\$5,448)	(\$5,448)	(\$5,553)	(\$5,553)
Total Revenue	\$660,796	\$835,387	\$660,796	\$660,796	\$835,387	\$660,796	\$660,796	\$660,796	\$673,484	\$673,484
COST OF GOODS SOLD										
Wholesale Retail Product Cost	\$136,356	\$214,922	\$136,356	\$136,356	\$214,922	\$136,356	\$136,356	\$136,356	\$138,974	\$138,974
Wholesale Delivery Product Cost	\$161,002	\$161,002	\$161,002	\$161,002	\$161,002	\$161,002	\$161,002	\$161,002	\$164,094	\$164,094
(LESS) Total Cost of Goods Sold	\$297,358	\$375,924	\$297,358	\$297,358	\$375,924	\$297,358	\$297,358	\$297,358	\$303,068	\$303,068

Gross Profit	\$363,438	\$459,463	\$363,438	\$363,438	\$459,463	\$363,438	\$363,438	\$363,438	\$370,416	\$370,416
EXPENSES										
Startup Expenses										
Beginning Inventory										
Equipment										
Facility Acquisition and Improvements										
Furniture and Fixtures										
Marketing and Advertising										
Pre-Operational Staffing										
State and Local License Procurement										
Startup Cost Contingency										
Operating Expenses										
Annual Licensing										
Facility and Vehicle Maintenance	\$2,809	\$2,809	\$2,809	\$2,809	\$2,809	\$2,809	\$2,809	\$2,809	\$2,978	\$2,978
Insurance	\$4,494	\$4,494	\$4,494	\$4,494	\$4,494	\$4,494	\$4,494	\$4,494	\$4,764	\$4,764
Marketing & Sales	\$33,708	\$33,708	\$33,708	\$33,708	\$33,708	\$33,708	\$33,708	\$33,708	\$35,730	\$35,730
Memberships & Certifications	\$899	\$899	\$899	\$899	\$899	\$899	\$899	\$899	\$953	\$953
Miscellaneous	\$3,933	\$3,933	\$3,933	\$3,933	\$3,933	\$3,933	\$3,933	\$3,933	\$4,169	\$4,169
Operating Contingency	\$14,038	\$14,038	\$14,038	\$14,038	\$14,038	\$14,038	\$14,038	\$14,038	\$14,880	\$14,880
Personnel	\$65,680	\$65,680	\$65,680	\$65,680	\$65,680	\$65,680	\$65,680	\$65,680	\$65,680	\$65,680
Professional Services	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500
Property Rent	\$4,916	\$4,916	\$4,916	\$4,916	\$4,916	\$4,916	\$4,916	\$4,916	\$5,211	\$5,211
Security Monitoring & Software	\$1,685	\$1,685	\$1,685	\$1,685	\$1,685	\$1,685	\$1,685	\$1,685	\$1,787	\$1,787
Software, Phone & Internet	\$2,809	\$2,809	\$2,809	\$2,809	\$2,809	\$2,809	\$2,809	\$2,809	\$2,978	\$2,978
Supplies	\$1,685	\$1,685	\$1,685	\$1,685	\$1,685	\$1,685	\$1,685	\$1,685	\$1,787	\$1,787
Utilities	\$1,124	\$1,124	\$1,124	\$1,124	\$1,124	\$1,124	\$1,124	\$1,124	\$1,191	\$1,191
Waste/Janitorial	\$1,011	\$1,011	\$1,011	\$1,011	\$1,011	\$1,011	\$1,011	\$1,011	\$1,072	\$1,072
(LESS) Total Startup and Operating Expenses	\$176,292	\$176,292	\$176,292	\$176,292	\$176,292	\$176,292	\$176,292	\$176,292	\$180,678	\$180,678
Net Operating Income	\$187,146	\$283,172	\$187,146	\$187,146	\$283,172	\$187,146	\$187,146	\$187,146	\$189,738	\$189,738
NON-OPERATING EXPENSES										
Corporate Taxes										
Federal Tax	\$76,322	\$96,487	\$76,322	\$76,322	\$96,487	\$76,322	\$76,322	\$76,322	\$77,787	\$77,787
State Tax	\$12,866	\$19,468	\$12,866	\$12,866	\$19,468	\$12,866	\$12,866	\$12,866	\$13,044	\$13,044
Local Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation										
Depreciation Expense	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783
Interest										
Interest Payment	\$11,113	\$10,559	\$9,998	\$9,429	\$8,854	\$8,271	\$7,681	\$7,084	\$6,479	\$5,867
(LESS) Total Interest, Tax, Depreciation Expense	\$91,972	\$118,739	\$91,972	\$91,972	\$118,739	\$91,972	\$91,972	\$91,972	\$93,615	\$93,615
Net Income/Loss	\$95,175	\$164,433	\$95,175	\$95,175	\$164,433	\$95,175	\$95,175	\$95,175	\$96,123	\$96,123
Breakeven Analysis	\$554,458	\$718,891	\$814,066	\$909,240	\$1,073,673	\$1,168,848	\$1,264,023	\$1,359,198	\$1,455,320	\$1,551,443
Depreciation Calculator										
Total Asset Value	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800
Monthly Asset Depreciation	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783
Loan Repayment and Interest Calculator										
Monthly Starting Loan Balance	\$889,071	\$844,720	\$799,815	\$754,348	\$708,313	\$661,702	\$614,509	\$566,726	\$518,345	\$469,360
Monthly Loan Repayment	(\$44,351)	(\$44,906)	(\$45,467)	(\$46,035)	(\$46,611)	(\$47,193)	(\$47,783)	(\$48,380)	(\$48,985)	(\$49,598)
Monthly Ending Loan Balance	\$844,720	\$799,815	\$754,348	\$708,313	\$661,702	\$614,509	\$566,726	\$518,345	\$469,360	\$419,762
Monthly Interest Payments	(\$11,113)	(\$10,559)	(\$9,998)	(\$9,429)	(\$8,854)	(\$8,271)	(\$7,681)	(\$7,084)	(\$6,479)	(\$5,867)

	51	52	53	54	55	56	57	58	59	60
	Y5M3	Y5M4	Y5M5	Y5M6	Y5M7	Y5M8	Y5M9	Y5M10	Y5M11	Y5M12
REVENUE	3,079.75	3,079.75	3,079.75	3,079.75	3,079.75	3,079.75	3,079.75	3,079.75	3,079.75	3,079.75
Retail Revenue										
Flower (3.5g)	\$50,284	\$50,284	\$50,284	\$79,256	\$50,284	\$50,284	\$79,256	\$50,284	\$50,284	\$50,284
Flower (7g)	\$23,663	\$23,663	\$23,663	\$37,297	\$23,663	\$23,663	\$37,297	\$23,663	\$23,663	\$23,663
Pre-Roll 5-pack (3.5g)	\$41,410	\$41,410	\$41,410	\$65,270	\$41,410	\$41,410	\$65,270	\$41,410	\$41,410	\$41,410
Bulk Flower Trim (7g)	\$35,494	\$35,494	\$35,494	\$55,946	\$35,494	\$35,494	\$55,946	\$35,494	\$35,494	\$35,494
Vaporizer Cartridges (500mg)	\$44,368	\$44,368	\$44,368	\$69,932	\$44,368	\$44,368	\$69,932	\$44,368	\$44,368	\$44,368
Extracts (500mg)	\$41,410	\$41,410	\$41,410	\$65,270	\$41,410	\$41,410	\$65,270	\$41,410	\$41,410	\$41,410
Edibles (100mg)	\$26,621	\$26,621	\$26,621	\$41,959	\$26,621	\$26,621	\$41,959	\$26,621	\$26,621	\$26,621
Beverages (100mg)	\$8,874	\$8,874	\$8,874	\$13,986	\$8,874	\$8,874	\$13,986	\$8,874	\$8,874	\$8,874
Other Cannabis Products (100mg)	\$20,705	\$20,705	\$20,705	\$32,635	\$20,705	\$20,705	\$32,635	\$20,705	\$20,705	\$20,705
Non-Cannabis Goods	\$20,705	\$20,705	\$20,705	\$32,635	\$20,705	\$20,705	\$32,635	\$20,705	\$20,705	\$20,705
(LESS) Discounts	(\$4,703)	(\$4,703)	(\$4,703)	(\$7,413)	(\$4,703)	(\$4,703)	(\$7,413)	(\$4,703)	(\$4,703)	(\$4,703)
Delivery Revenue										
Flower (3.5g)	\$62,935	\$62,935	\$62,935	\$62,935	\$62,935	\$62,935	\$62,935	\$62,935	\$62,935	\$62,935
Flower (7g)	\$29,616	\$29,616	\$29,616	\$29,616	\$29,616	\$29,616	\$29,616	\$29,616	\$29,616	\$29,616
Pre-Roll 5-pack (3.5g)	\$51,829	\$51,829	\$51,829	\$51,829	\$51,829	\$51,829	\$51,829	\$51,829	\$51,829	\$51,829
Bulk Flower Trim (7g)	\$44,425	\$44,425	\$44,425	\$44,425	\$44,425	\$44,425	\$44,425	\$44,425	\$44,425	\$44,425
Vaporizer Cartridges (500mg)	\$55,531	\$55,531	\$55,531	\$55,531	\$55,531	\$55,531	\$55,531	\$55,531	\$55,531	\$55,531
Extracts (500mg)	\$51,829	\$51,829	\$51,829	\$51,829	\$51,829	\$51,829	\$51,829	\$51,829	\$51,829	\$51,829
Edibles (100mg)	\$33,319	\$33,319	\$33,319	\$33,319	\$33,319	\$33,319	\$33,319	\$33,319	\$33,319	\$33,319
Beverages (100mg)	\$11,106	\$11,106	\$11,106	\$11,106	\$11,106	\$11,106	\$11,106	\$11,106	\$11,106	\$11,106
Other Cannabis Products (100mg)	\$25,914	\$25,914	\$25,914	\$25,914	\$25,914	\$25,914	\$25,914	\$25,914	\$25,914	\$25,914
Non-Cannabis Goods	\$3,702	\$3,702	\$3,702	\$3,702	\$3,702	\$3,702	\$3,702	\$3,702	\$3,702	\$3,702
(LESS) Discounts	(\$5,553)	(\$5,553)	(\$5,553)	(\$5,553)	(\$5,553)	(\$5,553)	(\$5,553)	(\$5,553)	(\$5,553)	(\$5,553)
Total Revenue	\$673,484	\$673,484	\$673,484	\$851,427	\$673,484	\$673,484	\$851,427	\$673,484	\$673,484	\$673,484
COST OF GOODS SOLD										
Wholesale Retail Product Cost	\$138,974	\$138,974	\$138,974	\$219,048	\$138,974	\$138,974	\$219,048	\$138,974	\$138,974	\$138,974
Wholesale Delivery Product Cost	\$164,094	\$164,094	\$164,094	\$164,094	\$164,094	\$164,094	\$164,094	\$164,094	\$164,094	\$164,094
(LESS) Total Cost of Goods Sold	\$303,068	\$303,068	\$303,068	\$383,142	\$303,068	\$303,068	\$383,142	\$303,068	\$303,068	\$303,068

Gross Profit	\$370,416	\$370,416	\$370,416	\$468,285	\$370,416	\$370,416	\$468,285	\$370,416	\$370,416	\$370,416
EXPENSES										
Startup Expenses										
Beginning Inventory										
Equipment										
Facility Acquisition and Improvements										
Furniture and Fixtures										
Marketing and Advertising										
Pre-Operational Staffing										
State and Local License Procurement										
Startup Cost Contingency										
Operating Expenses										
Annual Licensing		\$5,000								
Facility and Vehicle Maintenance	\$2,978	\$2,978	\$2,978	\$2,978	\$2,978	\$2,978	\$2,978	\$2,978	\$2,978	\$2,978
Insurance	\$4,764	\$4,764	\$4,764	\$4,764	\$4,764	\$4,764	\$4,764	\$4,764	\$4,764	\$4,764
Marketing & Sales	\$35,730	\$35,730	\$35,730	\$35,730	\$35,730	\$35,730	\$35,730	\$35,730	\$35,730	\$35,730
Memberships & Certifications	\$953	\$953	\$953	\$953	\$953	\$953	\$953	\$953	\$953	\$953
Miscellaneous	\$4,169	\$4,169	\$4,169	\$4,169	\$4,169	\$4,169	\$4,169	\$4,169	\$4,169	\$4,169
Operating Contingency	\$14,880	\$14,880	\$14,880	\$14,880	\$14,880	\$14,880	\$14,880	\$14,880	\$14,880	\$14,880
Personnel	\$65,680	\$65,680	\$65,680	\$65,680	\$65,680	\$65,680	\$65,680	\$65,680	\$65,680	\$65,680
Professional Services	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500
Property Rent	\$5,211	\$5,211	\$5,211	\$5,211	\$5,211	\$5,211	\$5,211	\$5,211	\$5,211	\$5,211
Security Monitoring & Software	\$1,787	\$1,787	\$1,787	\$1,787	\$1,787	\$1,787	\$1,787	\$1,787	\$1,787	\$1,787
Software, Phone & Internet	\$2,978	\$2,978	\$2,978	\$2,978	\$2,978	\$2,978	\$2,978	\$2,978	\$2,978	\$2,978
Supplies	\$1,787	\$1,787	\$1,787	\$1,787	\$1,787	\$1,787	\$1,787	\$1,787	\$1,787	\$1,787
Utilities	\$1,191	\$1,191	\$1,191	\$1,191	\$1,191	\$1,191	\$1,191	\$1,191	\$1,191	\$1,191
Waste/Janitorial	\$1,072	\$1,072	\$1,072	\$1,072	\$1,072	\$1,072	\$1,072	\$1,072	\$1,072	\$1,072
(LESS) Total Startup and Operating Expenses	\$180,678	\$185,678	\$180,678	\$180,678	\$180,678	\$180,678	\$180,678	\$180,678	\$180,678	\$180,678
Net Operating Income	\$189,738	\$184,738	\$189,738	\$287,607	\$189,738	\$189,738	\$287,607	\$189,738	\$189,738	\$189,738
NON-OPERATING EXPENSES										
Corporate Taxes										
Federal Tax	\$77,787	\$77,787	\$77,787	\$98,340	\$77,787	\$77,787	\$98,340	\$77,787	\$77,787	\$77,787
State Tax	\$13,044	\$12,701	\$13,044	\$19,773	\$13,044	\$13,044	\$19,773	\$13,044	\$13,044	\$13,044
Local Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation										
Depreciation Expense	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783
Interest										
Interest Payment	\$5,247	\$4,619	\$3,984	\$3,340	\$2,689	\$2,029	\$1,361	\$685		
(LESS) Total Interest, Tax, Depreciation Expense	\$93,615	\$93,271	\$93,615	\$120,896	\$93,615	\$93,615	\$120,896	\$93,615	\$93,615	\$93,615
Net Income/Loss	\$96,123	\$91,466	\$96,123	\$166,710	\$96,123	\$96,123	\$166,710	\$96,123	\$96,123	\$96,123
Breakeven Analysis	\$1,647,565	\$1,739,032	\$1,835,154	\$2,001,865	\$2,097,987	\$2,194,110	\$2,360,820	\$2,456,943	\$2,553,065	\$2,649,188
Depreciation Calculator										
Total Asset Value	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800
Monthly Asset Depreciation	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783
Loan Repayment and Interest Calculator										
Monthly Starting Loan Balance	\$419,762	\$369,545	\$318,700	\$267,219	\$215,095	\$162,319	\$108,883	\$54,780		
Monthly Loan Repayment	(\$50,217)	(\$50,845)	(\$51,481)	(\$52,124)	(\$52,776)	(\$53,436)	(\$54,103)	(\$54,780)		
Monthly Ending Loan Balance	\$369,545	\$318,700	\$267,219	\$215,095	\$162,319	\$108,883	\$54,780	(\$0)		
Monthly Interest Payments	(\$5,247)	(\$4,619)	(\$3,984)	(\$3,340)	(\$2,689)	(\$2,029)	(\$1,361)	(\$685)		

Monthly Cash Flow

	FY1 1 Y1M1	2 Y1M2	3 Y1M3	4 Y1M4	5 Y1M5	6 Y1M6	7 Y1M7	8 Y1M8	Acquire License/Approv 9 Y1M9	10 Y1M10
Net Income/Loss	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$80,000)	\$0
Cash Flow from Operations										
Depreciation										
Change in Receivables										
Change in Inventory										
Change in Accounts Payable										
Total Cash Flow from Operations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$80,000)	\$0
Cash Flow from Investing										
Capital Expenditures (CAPEX)										
Land Purchase										
Total Cash Flow from Investing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Flow from Financing										
Revolver Issuance / Repayment										
Owner Contributions	\$0									
Revolving Line of Credit										
Loan										
Loan Repayment										
Profit Share										
Total Cash Flow from Financing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Change in Cash	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$80,000)	\$0
Beginning Period Cash	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$80,000)
Ending Period Cash	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$80,000)	(\$80,000)

	11	12	Begin Construction/Renovations							
	Y1M11	Y1M12	FY2 13 Y2M1	14 Y2M2	15 Y2M3	16 Y2M4	17 Y2M5	18 Y2M6	19 Y2M7	20 Y2M8
Net Income/Loss	\$0	\$0	\$0	\$0	(\$10,966)	(\$75,341)	(\$75,341)	(\$75,341)	(\$75,341)	(\$203,074)
Cash Flow from Operations										
Depreciation										
Change in Receivables										
Change in Inventory										
Change in Accounts Payable										
Total Cash Flow from Operations	\$0	\$0	\$0	\$0	(\$10,966)	(\$75,341)	(\$75,341)	(\$75,341)	(\$75,341)	(\$203,074)
Cash Flow from Investing										
Capital Expenditures (CAPEX)										
Land Purchase										
Total Cash Flow from Investing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Flow from Financing										
Revolver Issuance / Repayment										
Owner Contributions										
Revolving Line of Credit										
Loan				\$1,600,000						
Loan Repayment										
Profit Share										
Total Cash Flow from Financing	\$0	\$0	\$0	\$1,600,000	\$0	\$0	\$0	\$0	\$0	\$0
Total Change in Cash	\$0	\$0	\$0	\$1,600,000	(\$10,966)	(\$75,341)	(\$75,341)	(\$75,341)	(\$75,341)	(\$203,074)
Beginning Period Cash	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	\$1,520,000	\$1,509,034	\$1,433,693	\$1,358,353	\$1,283,012	\$1,207,671
Ending Period Cash	(\$80,000)	(\$80,000)	(\$80,000)	\$1,520,000	\$1,509,034	\$1,433,693	\$1,358,353	\$1,283,012	\$1,207,671	\$1,004,597

	Open Operations First Sale				FY3					
	21 Y2M9	22 Y2M10	23 Y2M11	24 Y2M12	25 Y3M1	26 Y3M2	27 Y3M3	28 Y3M4	29 Y3M5	30 Y3M6
Net Income/Loss	(\$203,074)	(\$450,961)	\$60,765	\$60,765	\$90,164	\$90,164	\$90,164	\$85,508	\$90,164	\$157,080
Cash Flow from Operations										
Depreciation			\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783
Change in Receivables										
Change in Inventory										
Change in Accounts Payable										
Total Cash Flow from Operations	(\$203,074)	(\$450,961)	\$63,549	\$63,549	\$92,948	\$92,948	\$92,948	\$88,291	\$92,948	\$159,864
Cash Flow from Investing										
Capital Expenditures (CAPEX)										
Land Purchase										
Total Cash Flow from Investing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Flow from Financing										
Revolver Issuance / Repayment										
Owner Contributions										
Revolving Line of Credit										
Loan										
Loan Repayment			(\$35,465)	(\$35,908)	(\$36,357)	(\$36,811)	(\$37,271)	(\$37,737)	(\$38,209)	(\$38,686)
Profit Share										
Total Cash Flow from Financing	\$0	\$0	(\$35,465)	(\$35,908)	(\$36,357)	(\$36,811)	(\$37,271)	(\$37,737)	(\$38,209)	(\$38,686)
Total Change in Cash	(\$203,074)	(\$450,961)	\$28,084	\$27,641	\$56,591	\$56,137	\$55,676	\$50,554	\$54,739	\$121,177
Beginning Period Cash	\$1,004,597	\$801,523	\$350,562	\$378,646	\$406,287	\$462,878	\$519,014	\$574,691	\$625,245	\$679,984
Ending Period Cash	\$801,523	\$350,562	\$378,646	\$406,287	\$462,878	\$519,014	\$574,691	\$625,245	\$679,984	\$801,161

	31	32	33	34	35	36	FY4				
	Y3M7	Y3M8	Y3M9	Y3M10	Y3M11	Y3M12	37	38	39	40	
							Y4M1	Y4M2	Y4M3	Y4M4	
Net Income/Loss	\$90,164	\$90,164	\$157,080	\$90,164	\$90,164	\$90,164	\$95,175	\$95,175	\$95,175	\$90,519	
Cash Flow from Operations											
Depreciation	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	
Change in Receivables											
Change in Inventory											
Change in Accounts Payable											
Total Cash Flow from Operations	\$92,948	\$92,948	\$159,864	\$92,948	\$92,948	\$92,948	\$97,958	\$97,958	\$97,958	\$93,302	
Cash Flow from Investing											
Capital Expenditures (CAPEX)											
Land Purchase											
Total Cash Flow from Investing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Cash Flow from Financing											
Revolver Issuance / Repayment											
Owner Contributions											
Revolving Line of Credit											
Loan											
Loan Repayment	(\$39,170)	(\$39,660)	(\$40,155)	(\$40,657)	(\$41,166)	(\$41,680)	(\$42,201)	(\$42,729)	(\$43,263)	(\$43,804)	
Profit Share											
Total Cash Flow from Financing	(\$39,170)	(\$39,660)	(\$40,155)	(\$40,657)	(\$41,166)	(\$41,680)	(\$42,201)	(\$42,729)	(\$43,263)	(\$43,804)	
Total Change in Cash	\$53,778	\$53,288	\$119,708	\$52,290	\$51,782	\$51,267	\$55,757	\$55,229	\$54,695	\$49,498	
Beginning Period Cash	\$801,161	\$854,939	\$908,227	\$1,027,935	\$1,080,225	\$1,132,007	\$1,183,275	\$1,239,032	\$1,294,261	\$1,348,956	
Ending Period Cash	\$854,939	\$908,227	\$1,027,935	\$1,080,225	\$1,132,007	\$1,183,275	\$1,239,032	\$1,294,261	\$1,348,956	\$1,398,455	

	41 Y4M5	42 Y4M6	43 Y4M7	44 Y4M8	45 Y4M9	46 Y4M10	47 Y4M11	48 Y4M12	FY5 49 Y5M1	50 Y5M2
Net Income/Loss	\$95,175	\$164,433	\$95,175	\$95,175	\$164,433	\$95,175	\$95,175	\$95,175	\$96,123	\$96,123
Cash Flow from Operations										
Depreciation	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783
Change in Receivables										
Change in Inventory										
Change in Accounts Payable										
Total Cash Flow from Operations	\$97,958	\$167,216	\$97,958	\$97,958	\$167,216	\$97,958	\$97,958	\$97,958	\$98,906	\$98,906
Cash Flow from Investing										
Capital Expenditures (CAPEX)										
Land Purchase										
Total Cash Flow from Investing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Flow from Financing										
Revolver Issuance / Repayment										
Owner Contributions										
Revolving Line of Credit										
Loan										
Loan Repayment	(\$44,351)	(\$44,906)	(\$45,467)	(\$46,035)	(\$46,611)	(\$47,193)	(\$47,783)	(\$48,380)	(\$48,985)	(\$49,598)
Profit Share										
Total Cash Flow from Financing	(\$44,351)	(\$44,906)	(\$45,467)	(\$46,035)	(\$46,611)	(\$47,193)	(\$47,783)	(\$48,380)	(\$48,985)	(\$49,598)
Total Change in Cash	\$53,607	\$122,311	\$52,491	\$51,923	\$120,606	\$50,765	\$50,175	\$49,578	\$49,921	\$49,308
Beginning Period Cash	\$1,398,455	\$1,452,062	\$1,574,372	\$1,626,863	\$1,678,786	\$1,799,392	\$1,850,157	\$1,900,332	\$1,949,909	\$1,999,830
Ending Period Cash	\$1,452,062	\$1,574,372	\$1,626,863	\$1,678,786	\$1,799,392	\$1,850,157	\$1,900,332	\$1,949,909	\$1,999,830	\$2,049,138

	51 Y5M3	52 Y5M4	53 Y5M5	54 Y5M6	55 Y5M7	56 Y5M8	57 Y5M9	58 Y5M10	59 Y5M11	60 Y5M12
Net Income/Loss	\$96,123	\$91,466	\$96,123	\$166,710	\$96,123	\$96,123	\$166,710	\$96,123	\$96,123	\$96,123
Cash Flow from Operations										
Depreciation	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783	\$2,783
Change in Receivables										
Change in Inventory										
Change in Accounts Payable										
Total Cash Flow from Operations	\$98,906	\$94,250	\$98,906	\$169,494	\$98,906	\$98,906	\$169,494	\$98,906	\$98,906	\$98,906
Cash Flow from Investing										
Capital Expenditures (CAPEX)										
Land Purchase										
Total Cash Flow from Investing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Flow from Financing										
Revolver Issuance / Repayment										
Owner Contributions										
Revolving Line of Credit										
Loan										
Loan Repayment	(\$50,217)	(\$50,845)	(\$51,481)	(\$52,124)	(\$52,776)	(\$53,436)	(\$54,103)	(\$54,780)		
Profit Share										
Total Cash Flow from Financing	(\$50,217)	(\$50,845)	(\$51,481)	(\$52,124)	(\$52,776)	(\$53,436)	(\$54,103)	(\$54,780)	\$0	\$0
Total Change in Cash	\$48,688	\$43,404	\$47,425	\$117,369	\$46,130	\$45,470	\$115,390	\$44,126	\$98,906	\$98,906
Beginning Period Cash	\$2,049,138	\$2,097,827	\$2,141,231	\$2,188,656	\$2,306,026	\$2,352,156	\$2,397,626	\$2,513,017	\$2,557,143	\$2,656,049
Ending Period Cash	\$2,097,827	\$2,141,231	\$2,188,656	\$2,306,026	\$2,352,156	\$2,397,626	\$2,513,017	\$2,557,143	\$2,656,049	\$2,754,955

Monthly Balance Sheet

	FY1								Acquire License/Approv	
	1	2	3	4	5	6	7	8	9	10
	Y1M1	Y1M2	Y1M3	Y1M4	Y1M5	Y1M6	Y1M7	Y1M8	Y1M9	Y1M10
ASSETS										
Current Assets										
Cash	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$80,000)	(\$80,000)
Receivables										
Inventory										
Total Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$80,000)	(\$80,000)
Long-Term Assets										
Property, Plant & Equipment (PPE), Gross	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation of PPE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PP&E, net	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Long Term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$80,000)	(\$80,000)
LIABILITIES										
Current Liabilities										
Accounts Payable										
Accrued Expenses										
Total Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-Term Liabilities										
Financing/Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Long-Term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OWNER EQUITY										
Paid-in Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Retained Earnings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$80,000)	(\$80,000)
Total Equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$80,000)	(\$80,000)
Total Liabilities & Equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$80,000)	(\$80,000)
Balance Check	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

	Acquire License/Approv									
	FY1	2	3	4	5	6	7	8	9	10
	1									
	Y1M1	Y1M2	Y1M3	Y1M4	Y1M5	Y1M6	Y1M7	Y1M8	Y1M9	Y1M10
	11	12	FY2			Begin Construction/Renovations				
	Y1M11	Y1M12	13	14	15	16	17	18	19	20
	Y2M1	Y2M2	Y2M3	Y2M4	Y2M5	Y2M6	Y2M7	Y2M8	Y2M9	Y2M10
ASSETS										
Current Assets										
Cash	(\$80,000)	(\$80,000)	(\$80,000)	\$1,520,000	\$1,509,034	\$1,433,693	\$1,358,353	\$1,283,012	\$1,207,671	\$1,004,597
Receivables										
Inventory										
Total Current Assets	(\$80,000)	(\$80,000)	(\$80,000)	\$1,520,000	\$1,509,034	\$1,433,693	\$1,358,353	\$1,283,012	\$1,207,671	\$1,004,597
Long-Term Assets										
Property, Plant & Equipment (PPE), Gross	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$116,900
Accumulated Depreciation of PPE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PP&E, net	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$116,900
Total Long Term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$116,900
Total Assets	(\$80,000)	(\$80,000)	(\$80,000)	\$1,520,000	\$1,509,034	\$1,433,693	\$1,358,353	\$1,283,012	\$1,207,671	\$1,121,497
LIABILITIES										
Current Liabilities										
Accounts Payable										
Accrued Expenses										
Total Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-Term Liabilities										
Financing/Debt	\$0	\$0	\$0	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000
Total Long-Term Liabilities	\$0	\$0	\$0	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000
Total Liabilities	\$0	\$0	\$0	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000
OWNER EQUITY										
Paid-in Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Retained Earnings	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$90,966)	(\$166,307)	(\$241,647)	(\$316,988)	(\$392,329)	(\$595,403)
Total Equity	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$90,966)	(\$166,307)	(\$241,647)	(\$316,988)	(\$392,329)	(\$595,403)
Total Liabilities & Equity	(\$80,000)	(\$80,000)	(\$80,000)	\$1,520,000	\$1,509,034	\$1,433,693	\$1,358,353	\$1,283,012	\$1,207,671	\$1,004,597
Balance Check	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$116,900

	Acquire License/Approv									
	FY1									
	1	2	3	4	5	6	7	8	9	10
	Y1M1	Y1M2	Y1M3	Y1M4	Y1M5	Y1M6	Y1M7	Y1M8	Y1M9	Y1M10
	Open Operation: First Sale				FY3					
	21	22	23	24	25	26	27	28	29	30
	Y2M9	Y2M10	Y2M11	Y2M12	Y3M1	Y3M2	Y3M3	Y3M4	Y3M5	Y3M6
ASSETS										
Current Assets										
Cash	\$801,523	\$350,562	\$378,646	\$406,287	\$462,878	\$519,014	\$574,691	\$625,245	\$679,984	\$801,161
Receivables										
Inventory										
Total Current Assets	\$801,523	\$350,562	\$378,646	\$406,287	\$462,878	\$519,014	\$574,691	\$625,245	\$679,984	\$801,161
Long-Term Assets										
Property, Plant & Equipment (PPE), Gross	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800
Accumulated Depreciation of PPE	\$0	\$0	(\$2,783)	(\$5,567)	(\$8,350)	(\$11,133)	(\$13,917)	(\$16,700)	(\$19,483)	(\$22,267)
PP&E, net	\$233,800	\$233,800	\$231,017	\$228,233	\$225,450	\$222,667	\$219,883	\$217,100	\$214,317	\$211,533
Total Long Term Assets	\$233,800	\$233,800	\$231,017	\$228,233	\$225,450	\$222,667	\$219,883	\$217,100	\$214,317	\$211,533
Total Assets	\$1,035,323	\$584,362	\$609,663	\$634,520	\$688,328	\$741,681	\$794,574	\$842,345	\$894,300	\$1,012,694
LIABILITIES										
Current Liabilities										
Accounts Payable										
Accrued Expenses										
Total Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-Term Liabilities										
Financing/Debt	\$1,600,000	\$1,600,000	\$1,564,535	\$1,528,628	\$1,492,271	\$1,455,460	\$1,418,189	\$1,380,451	\$1,342,242	\$1,303,556
Total Long-Term Liabilities	\$1,600,000	\$1,600,000	\$1,564,535	\$1,528,628	\$1,492,271	\$1,455,460	\$1,418,189	\$1,380,451	\$1,342,242	\$1,303,556
Total Liabilities	\$1,600,000	\$1,600,000	\$1,564,535	\$1,528,628	\$1,492,271	\$1,455,460	\$1,418,189	\$1,380,451	\$1,342,242	\$1,303,556
OWNER EQUITY										
Paid-in Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Retained Earnings	(\$798,477)	(\$1,249,438)	(\$1,188,673)	(\$1,127,908)	(\$1,037,743)	(\$947,579)	(\$857,414)	(\$771,906)	(\$681,742)	(\$524,662)
Total Equity	(\$798,477)	(\$1,249,438)	(\$1,188,673)	(\$1,127,908)	(\$1,037,743)	(\$947,579)	(\$857,414)	(\$771,906)	(\$681,742)	(\$524,662)
Total Liabilities & Equity	\$801,523	\$350,562	\$375,863	\$400,720	\$454,528	\$507,881	\$560,774	\$608,545	\$660,500	\$778,894
Balance Check	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800

[illegible]

									Acquire License/Approv	
	FY1 1 Y1M1	2 Y1M2	3 Y1M3	4 Y1M4	5 Y1M5	6 Y1M6	7 Y1M7	8 Y1M8	9 Y1M9	10 Y1M10
	41 Y4M5	42 Y4M6	43 Y4M7	44 Y4M8	45 Y4M9	46 Y4M10	47 Y4M11	48 Y4M12	FY5 49 Y5M1	50 Y5M2
ASSETS										
Current Assets										
Cash	\$1,452,062	\$1,574,372	\$1,626,863	\$1,678,786	\$1,799,392	\$1,850,157	\$1,900,332	\$1,949,909	\$1,999,830	\$2,049,138
Receivables										
Inventory										
Total Current Assets	\$1,452,062	\$1,574,372	\$1,626,863	\$1,678,786	\$1,799,392	\$1,850,157	\$1,900,332	\$1,949,909	\$1,999,830	\$2,049,138
Long-Term Assets										
Property, Plant & Equipment (PPE), Gross	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800
Accumulated Depreciation of PPE	(\$52,883)	(\$55,667)	(\$58,450)	(\$61,233)	(\$64,017)	(\$66,800)	(\$69,583)	(\$72,367)	(\$75,150)	(\$77,933)
PP&E, net	\$180,917	\$178,133	\$175,350	\$172,567	\$169,783	\$167,000	\$164,217	\$161,433	\$158,650	\$155,867
Total Long Term Assets	\$180,917	\$178,133	\$175,350	\$172,567	\$169,783	\$167,000	\$164,217	\$161,433	\$158,650	\$155,867
Total Assets	\$1,632,978	\$1,752,506	\$1,802,213	\$1,851,353	\$1,969,175	\$2,017,157	\$2,064,548	\$2,111,343	\$2,158,480	\$2,205,005
LIABILITIES										
Current Liabilities										
Accounts Payable										
Accrued Expenses										
Total Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-Term Liabilities										
Financing/Debt	\$844,720	\$799,815	\$754,348	\$708,313	\$661,702	\$614,509	\$566,726	\$518,345	\$469,360	\$419,762
Total Long-Term Liabilities	\$844,720	\$799,815	\$754,348	\$708,313	\$661,702	\$614,509	\$566,726	\$518,345	\$469,360	\$419,762
Total Liabilities	\$844,720	\$799,815	\$754,348	\$708,313	\$661,702	\$614,509	\$566,726	\$518,345	\$469,360	\$419,762
OWNER EQUITY										
Paid-in Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Retained Earnings	\$554,458	\$718,891	\$814,066	\$909,240	\$1,073,673	\$1,168,848	\$1,264,023	\$1,359,198	\$1,455,320	\$1,551,443
Total Equity	\$554,458	\$718,891	\$814,066	\$909,240	\$1,073,673	\$1,168,848	\$1,264,023	\$1,359,198	\$1,455,320	\$1,551,443
Total Liabilities & Equity	\$1,399,178	\$1,518,706	\$1,568,413	\$1,617,553	\$1,735,375	\$1,783,357	\$1,830,748	\$1,877,543	\$1,924,680	\$1,971,205
Balance Check	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800

	FY1								Acquire License/Approv	
	1	2	3	4	5	6	7	8	9	10
	Y1M1	Y1M2	Y1M3	Y1M4	Y1M5	Y1M6	Y1M7	Y1M8	Y1M9	Y1M10
	51	52	53	54	55	56	57	58	59	60
	Y5M3	Y5M4	Y5M5	Y5M6	Y5M7	Y5M8	Y5M9	Y5M10	Y5M11	Y5M12
ASSETS										
Current Assets										
Cash	\$2,097,827	\$2,141,231	\$2,188,656	\$2,306,026	\$2,352,156	\$2,397,626	\$2,513,017	\$2,557,143	\$2,656,049	\$2,754,955
Receivables										
Inventory										
Total Current Assets	\$2,097,827	\$2,141,231	\$2,188,656	\$2,306,026	\$2,352,156	\$2,397,626	\$2,513,017	\$2,557,143	\$2,656,049	\$2,754,955
Long-Term Assets										
Property, Plant & Equipment (PPE), Gross	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800
Accumulated Depreciation of PPE	(\$80,717)	(\$83,500)	(\$86,283)	(\$89,067)	(\$91,850)	(\$94,633)	(\$97,417)	(\$100,200)	(\$102,983)	(\$105,767)
PP&E, net	\$153,083	\$150,300	\$147,517	\$144,733	\$141,950	\$139,167	\$136,383	\$133,600	\$130,817	\$128,033
Total Long Term Assets	\$153,083	\$150,300	\$147,517	\$144,733	\$141,950	\$139,167	\$136,383	\$133,600	\$130,817	\$128,033
Total Assets	\$2,250,910	\$2,291,531	\$2,336,173	\$2,450,759	\$2,494,106	\$2,536,793	\$2,649,400	\$2,690,743	\$2,786,865	\$2,882,988
LIABILITIES										
Current Liabilities										
Accounts Payable										
Accrued Expenses										
Total Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-Term Liabilities										
Financing/Debt	\$369,545	\$318,700	\$267,219	\$215,095	\$162,319	\$108,883	\$54,780	(\$0)	(\$0)	(\$0)
Total Long-Term Liabilities	\$369,545	\$318,700	\$267,219	\$215,095	\$162,319	\$108,883	\$54,780	(\$0)	(\$0)	(\$0)
Total Liabilities	\$369,545	\$318,700	\$267,219	\$215,095	\$162,319	\$108,883	\$54,780	(\$0)	(\$0)	(\$0)
OWNER EQUITY										
Paid-in Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Retained Earnings	\$1,647,565	\$1,739,032	\$1,835,154	\$2,001,865	\$2,097,987	\$2,194,110	\$2,360,820	\$2,456,943	\$2,553,065	\$2,649,188
Total Equity	\$1,647,565	\$1,739,032	\$1,835,154	\$2,001,865	\$2,097,987	\$2,194,110	\$2,360,820	\$2,456,943	\$2,553,065	\$2,649,188
Total Liabilities & Equity	\$2,017,110	\$2,057,731	\$2,102,373	\$2,216,959	\$2,260,306	\$2,302,993	\$2,415,600	\$2,456,943	\$2,553,065	\$2,649,188
Balance Check	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800	\$233,800

An Examination of Cannabis Consumers and Cannabis Demand in Minnesota

01/16/2024

Office of Cannabis Management
601 N. Robert St.
St. Paul, MN 55164
cannabis.info@state.mn.us
<https://www.cannabis.state.mn.us>

Upon request, this material will be made available in an alternative format such as large print, Braille or audio recording. Printed on recycled paper.

Contents

Executive Summary4

Section 1. Research Limitations.....5

Section 2. Research Design.....5

Section 3. Cannabis Consumption Patterns in Minnesota6

3.1. Cannabis Use and Prevalence.....6

3.2. Alternative Cannabinoid Consumption7

3.3. Legal and Illicit Cannabis Obtainment8

3.4. Access and Transportation to Purchase Cannabis..... 11

Section 4. Cannabis Demand in Minnesota and Other States Licensing..... 11

Section 5. Public Health..... 14

Executive Summary

This report details the findings of a project commissioned by the Minnesota Office of Cannabis Management aimed to better understand the current state of cannabis consumers and cannabis demand in Minnesota as required under Minnesota Statutes 342.04 (a). A large population sample of Minnesota residents who use cannabis was surveyed, and comparisons were made relative to other states with similar populations and cannabis consumption regulations. Below are the key findings of this study:

- The percentage of survey participants residing in each county matched the percentage of actual Minnesota residents in each county with 99% accuracy, providing strong support for the validity of findings.
- Participants reported obtaining an average of 24.8 grams of cannabis within the past month, which is slightly higher than the national average and proximate Midwest states with adult-use laws such as Michigan and Missouri, suggesting a robust market for cannabis-related businesses.
- 83% of qualified participants (i.e., past-year cannabis consumers) consumed cannabis at least once a month and 40% consumed cannabis daily or almost daily.
- Overall cannabis consumption patterns among participants in this sample matched that of a national sample of past-year cannabis consumers, with nearly equivalent consumption of flower (11 days), edible (7 days), vape (8 days), and concentrate (5 days) cannabis products.
- 25% percent of the sample reported cultivating cannabis at home, with an average of two cannabis plants grown at a time.
- Over 50% of the sample reported using at least one alternative cannabinoid (e.g., CBD, Delta-8 THC, Delta-10 THC) within the past month, and 68% indicated use of these alternatives in the past.
- Participants reported obtaining a majority of their cannabis from a dealer (17.6%), friends and family (16.6%), or an adult-use dispensary (lower-potency hemp edible retailers) (16.1%).

Section 1. Research Limitations

The following study is part of a national research project, wherein all U.S. states are issued the same survey questionnaire and the same proprietary survey logic to assess cannabis demand from a variety of common sources. Provided that Minnesota is the only state in the country with widely-available hemp-derived delta-9 tetrahydrocannabinol (THC-9) products at registered retailers, the specific source of “lower-potency hemp edible retailers” is *not* listed for survey respondents to record their volume of grams obtained at this source, nor frequency of visiting this source. As a result, this study does not assess consumer behavior related to accessing lower-potency hemp edible THC-9 products, nor the demand (grams) for lower-potency hemp edible THC-9 products through these specific retailers. Additional research is required to thoroughly understand Minnesota consumers’ demand for THC-9 that accounts for lower-potency hemp edible retailers as a core source. However, the study does provide value in contextualizing total demand, consumer behavior and preferences, and use patterns across all sources of THC-9 products.

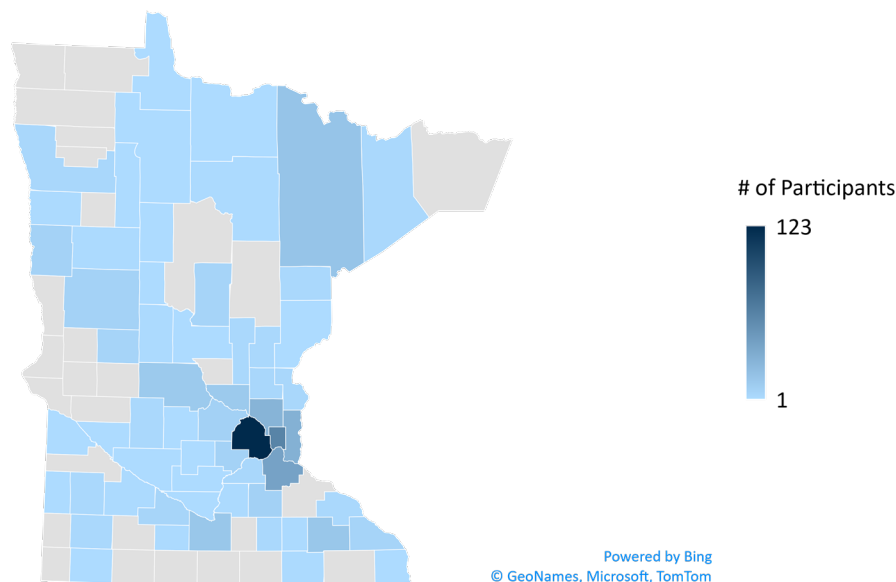
Original cannabis demand research provided in the current report was conducted by Cannabis Public Policy Consulting, LLC.

Section 2. Research Design

This report uses data collected from the June 2023 and September 2023 [Regulatory Determinants of Cannabis Outcomes Survey \(RDCOS\)](https://www.cannabispolicyconsulting.com/our-data/) (<https://www.cannabispolicyconsulting.com/our-data/>). The RDCOS is a comprehensive tool for gathering state-specific data on cannabis-related outcomes and is administered on a quarterly basis to ensure the most up-to-date data. In total, data from 494 participants who resided in Minnesota and completed the full survey were included in this sample. All participants were past-year cannabis consumers. Figure 1 shows the geographic distributions of participants by county. The percentage of survey participants residing in each county is almost perfectly correlated with the percentage of actual Minnesota residents in each county ($r = .99$), which suggests that the recruitment of Minnesota residents is geographically consistent with actual county populations in the state.

Key demographic characteristics of the general Minnesota population can be found on the [U.S. Census Bureau’s website](https://www.census.gov/quickfacts/MN) (<https://www.census.gov/quickfacts/MN>). Most of the respondents in this survey were white (64.4%) and slightly over half were female (53.0%). Several historically underrepresented groups were intentionally oversampled compared to the general Minnesota population, including those who indicated that they are Black or African American, American Indian, Native American, or Alaska Native, and Multi-Race. Median age of this sample was 26 years, which is younger than that of the Minnesota population. Thirteen percent indicated that they have served in the U.S. Armed Forces, Military Reserves, or National Guard. Nearly 42% identified as Hispanic or Latino. Select deviations from Minnesota population demographics lend strength to the study findings as the deviated variables correlate with cannabis consumption, the primary population of interest necessary for quantifying demand.

Figure 1. Geographic Distribution of Survey Respondents.



Section 3. Cannabis Consumption Patterns in Minnesota

3.1. Cannabis Use and Prevalence

To qualify for participation in this study, all respondents must have indicated that they have consumed cannabis within the past year. Eighty-three percent of qualified participants consumed cannabis at least monthly and 40% consumed cannabis daily or almost daily. Forty percent of the total sample indicated that they are a current medical cannabis patient. However, this figure is likely not representative of an absolute prevalence of past-month cannabis consumption among past-year consumers in the state, nor of medical cannabis participants in the broader cannabis consuming population. Rather, the RDCOS was successful in oversampling for frequent consumers, lending confidence in quantifying total demand.

Figure 2. Cannabis Use Frequency Among Respondents.

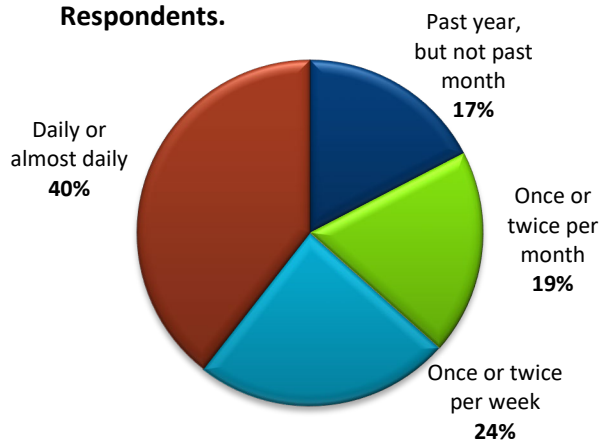


Table 1 summarizes findings from those who reported consuming cannabis products at least 1 day within the past month. When examining cannabis use patterns among individuals in other U.S. states with similar medical and adult-use cannabis regulations, the data from this sample was nearly parallel to the national data. Individuals in this sample consumed flower and concentrate products slightly less often (11 days versus 12 days and 5 days versus 6 days, respectively). The average cannabis potency participants reported consuming within the past month was 28% THC.

Table 1. Consumption Patterns (Days in The Last Month) Comparing Minnesota to National Data.

	Flower	Edibles	Vape	Concentrates
Minnesota	11 days	7 days	8 days	5 days
National Data	12 days	7 days	8 days	6 days

Twenty-five percent of the sample reported cultivating cannabis at home. Of these respondents who report growing cannabis at home, the average number of cannabis plants participants reported obtaining was 2 plants. When comparing these data to a national sample of respondents from states with similar adult-use regulations, 24.7% report cultivating cannabis at home and obtain an average of 1.2 cannabis plants at any given time, very similar to findings from this sample of Minnesota residents.

3.2. Alternative Cannabinoid Consumption

The frequency of various alternative-cannabinoid product consumption is listed in Table 2 below. While many of those listed are included and featured in many regulated cannabis products, participants were asked to report use of products that contained a majority of cannabinoids other than Delta-9 THC, which are typically sold in convenience stores, online, and in tobacco shops. The catalogue of alternative cannabinoids is extensive and continuously evolving; although this is not an exhaustive list, it represents the most commonly used products in recent surveys. Important to note is that CBD is not known to produce intoxicating effects, and others (e.g., CBN) are considered “mild intoxicants.” Over 68% of those surveyed indicated use of these alternatives in the past, and 56% have used these in the past month. These data are similar, albeit slightly higher, when compared to other states from the national sample. For example, when compared to all states with adult-use regulations sampled in the September 2023 RDCOS, 50.3% of respondents reported using an alternative cannabinoid within the past month. Specifically, 47.7% of those in New Mexico, 46% of those in Missouri, 49.5% in Illinois, 46.6% in Massachusetts, and 50.4% in Washington consumed an alternative cannabinoid within the past month. It is important to note that this survey provides preliminary data on the topic of alternative cannabinoids and future surveys are warranted to accurately capture the state and demand for this market.

Minnesota law allows for the sale of lower-potency hemp edibles containing hemp-derived THC and certain alternative cannabinoids. These hemp products can contain no more than 5mg of hemp-derived delta-9 THC or delta-8 THC, 25mg of CBD, and 25mg of CBG per serving. Lower-potency hemp edibles, which are intended to be eaten or consumed as a beverage, can only be sold to adults 21 years and older. Lower-potency hemp beverages can contain up to 10mg of THC per container (2 servings), and edibles may contain up to 50 mg of THC per package (10 servings). Lower-potency hemp edibles, unlike in other states without a regulated intoxicating hemp program, can be legally sold in a variety of non-dispensary businesses, such as grocery stores, bars, liquor stores, and restaurants with a valid registration from the Department of Health.

Table 2. Frequency of Alternative Cannabinoid Consumption Among Respondents.

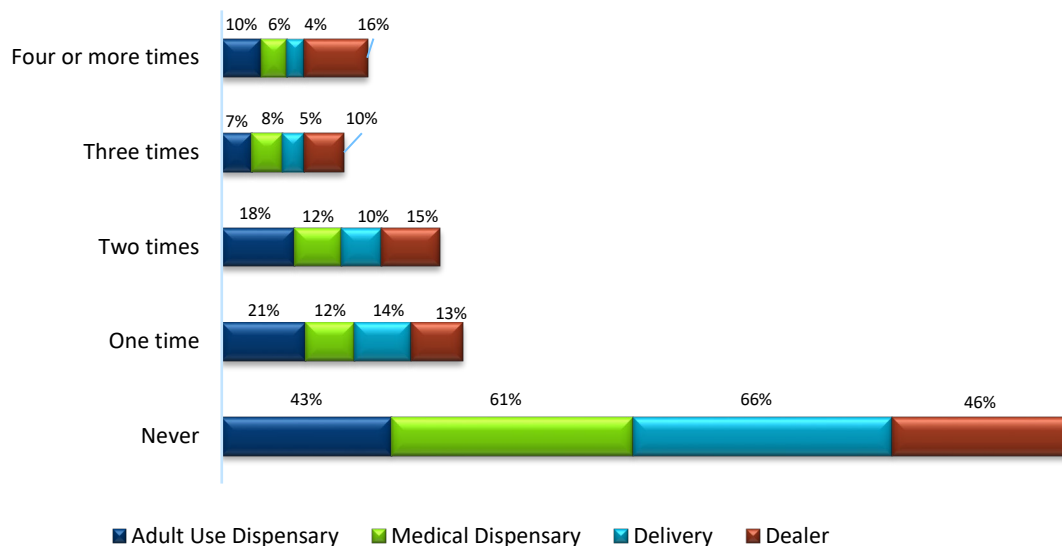
Alternative cannabinoid product	I used this in the past month	I used this before, but not in the past month	I've never used this	I don't know if I've ever used this
Delta-8 THC	32%	33%	20%	15%
Delta-8 THCO	12%	22%	35%	31%
Delta-10 THC	16%	25%	35%	24%
THCP	13%	16%	37%	34%
THCV	10%	15%	38%	37%
CBD	31%	40%	15%	15%
CBN	10%	15%	37%	38%
HHC	13%	13%	37%	36%

3.3. Legal and Illicit Cannabis Obtainment

Participants were prompted to report the number of grams of cannabis they obtained within the past month from a variety sources (legal and illicit). Since the numerical response options presented to participants slightly differed between the June RDCOS (in which numerical response options were presented in a categorical manner) and September RDCOS (in which numerical response options were presented in a continuous manner), the data was weighted proportionally across the two recruitment samples to provide more accurate estimations of cannabis demand. Across the total sample, participants reported obtaining 24.77 grams of cannabis within the past month. This is slightly higher than the national average, as well as proximate Midwest states with adult-use laws like Michigan and Missouri, suggesting a robust market for cannabis-related businesses.

Of those who reported obtaining any amount (>0 grams) of cannabis within the past month, the most frequently reported sources individuals obtained cannabis were from friends and family (67.6%), an adult-use dispensary (61.3%) (what is assumed to being viewed as lower-potency hemp edible retailers by respondents), a dealer (53.4%), and a medical dispensary (42.7%). Participants were most likely to report going to a dealer more than once within the past month compared to reported frequency of visiting other sources. Forty-one percent of those visiting a dealer to purchase cannabis within the past month reported going two or more times, compared to 35% for those visiting an adult-use dispensary, and 26% for those visiting a medical-dispensary. Please refer to Figure 3 on the next page for more detailed information.

Figure 3. Number of Times Visiting Each Source to Purchase Cannabis Per Month.



In terms of the number of grams obtained within the past month, participants indicated that they obtained an average of 4.4 grams (17.6%) from a dealer, 4.1 grams (16.6%) from friends and family, 4.0 grams (16.1%) from an adult-use dispensary (assumed as lower-potency hemp edible retailers), and 2.8 grams (11.3%) from a medical dispensary within the past month. Please refer to Table 3 for a more detailed breakdown of the data. Excluding cannabis purchased from a dealer, it can be conservatively estimated that all grams obtained within the past month were obtained in a legal manner. It is important to note that among respondents who indicated that they were not medical patients, there were reports of obtaining cannabis from a medical dispensary, a caregiver, and a delivery service. Therefore, it is possible that individuals may be obtaining regulated cannabis in an illicit manner. These findings are not uncommon in other states as adult use possession and gifting laws become effective and the perceived risk of criminality is reduced while adult-use sources are not available. However, additional data is necessary to establish definitive findings on the prevalence of illicit medical cannabis obtainment illicit delivery sources, and such preliminary data points should not be misconstrued as anything other than information.

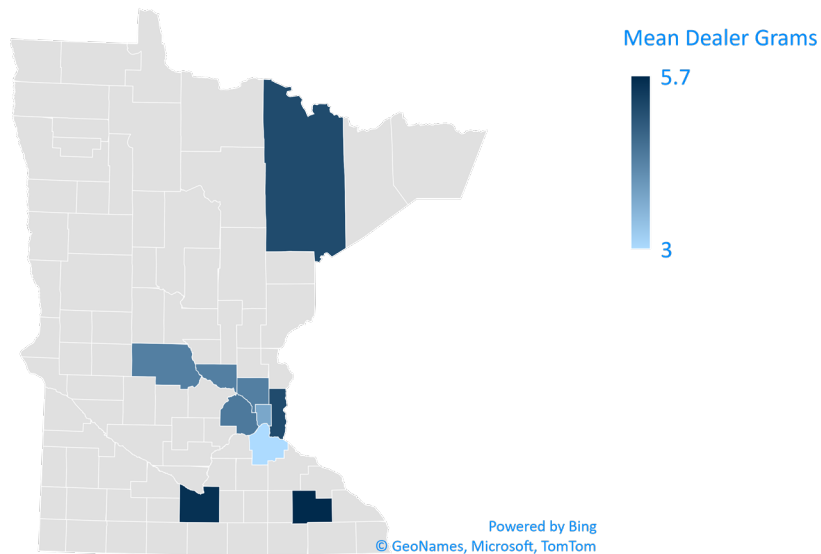
Importantly, these data suggest an overall high prevalence of obtaining cannabis from a dealer, an illicit source, among Minnesota residents, which stands to reason as legal adult-use sources are not fully available. For instance, the highest proportion of cannabis obtained by participants was from a dealer (17.6%) and participants reported the highest likelihood of visiting a dealer more than once a month to purchase cannabis compared to other source types. Those in Olmsted County (5.7 grams), Blue Earth County (5.6 grams), Washington County (5.2 grams), St. Louis County (5.2 grams), Hennepin County (4.5 grams), and Sherburne County (4.4 grams) reported the highest average number of grams obtained via a dealer source in the past month (only counties with 10 or more respondents were included in this analysis). These counties may especially benefit from the presence of adult-use retail stores.

Table 3. Average Number of Grams and Proportion of Grams Obtained Per Source Within the Past Month.

Source	Grams	% of Total Grams
Dealer	4.354	17.6%
Given for free or purchased from friends or family	4.106	16.6%
Adult-Use Dispensary*	3.967	16.1%
Medical Dispensary	2.809	11.3%
Caregiver	2.739	11.1%
Delivery	2.518	10.2%
Home-grow	2.259	9.1%
Other	2.008	8.1%
Total Grams	24.769	

**Assumed lower-potency hemp edible retailers*

Figure 4. Counties with the Highest Average Number of Grams Obtained from a Dealer Source Within the Past Month.



3.4. Access and Transportation to Purchase Cannabis

Respondents indicated that they travel 18 minutes, on average, each way to purchase cannabis. This is similar to findings from the national sample. Those in Olmsted County reported the lowest proximity to travel, at approximately 10 minutes each way to purchase cannabis, whereas those in Stearns County reported the longest proximity to purchase cannabis, at approximately 25 minutes each way (only counties with 10 or more respondents were included in this analysis). When prompted with a question inquiring about whether they have traveled to a different state or jurisdiction within the past month to purchase cannabis, nearly 12% of respondents reported that they have traveled to a different state outside of Minnesota to purchase cannabis. Among our national sample of individuals who reported traveling to a different state to purchase cannabis and did not reside in Minnesota (n = 4830), 4.8% (23 respondents) reported traveling to Minnesota within the past month to purchase cannabis. Most of these individuals indicated residing in Michigan (5 respondents) and North Dakota (5 respondents). Overall, these data suggest a relatively low proportion of individuals from surrounding states traveling to Minnesota to obtain cannabis.

Participants in this sample reported spending a median of \$40 on cannabis within the past month. This figure is slightly lower than respondents in states with similar adult-use laws from the national sample, who report spending a median of \$75.50 on cannabis within the past month. Anoka County residents reported the highest median amount spent on cannabis within the past month (\$100), followed by Blue Earth, Hennepin, Sherburne, Stearns, and Olmsted counties (\$75.50). Those in Dakota County reported spending the lowest median amount of money on cannabis within the past month (\$20.50) (only counties with 10 or more respondents were included in this analysis).

Section 4. Cannabis Demand in Minnesota and Other States Licensing

The framework for a regulated cannabis market in Minnesota includes the implementation of competitive licensing, suggesting limited availability of licenses under Chapter 63. There is currently no precise, validated methodology to determine the ratio of supply to demand necessary to capture demand through the regulated market across any of the supply chain activities (cultivation, product manufacturing, retail). Similarly, there is no evidence to suggest that open licensing policies are more effective in reducing the illicit market in the long-term than limited licensing policies. Both models have advantages and disadvantages, however the largest limitation of the limited licensing model is the absence of exact science for determining what is adequate to serve the market. Moreover, Minnesota has a unique feature of legalization that is currently operating and will impact the availability of THC-9 product supply, as well as availability, beyond the existing licensing paradigm observed across the U.S. Put simply, lower-potency hemp edible manufacturers and retailers will likely impact consumer behavior as a competing or substitute market. As a result of this unique production and availability of THC-9 products, it is impossible at this time to understand the necessary supply of cannabis vs. hemp needed to accommodate to total demand without further research. Until the adult use market is launched and sales for both types of outlets can be thoroughly assessed, estimates of adequate product supply and outlets for the adult use program will likely be inaccurate.

Assessing the volume of current or total licenses that states with launched adult-use markets utilize may add context for Minnesota in determine licensing limitations for each activity of the supply chain. Table 4 below offers adult-use states with readily available licensing data.

Table 4. Select Adult-Use States

Adult Use State	State Population 21+ Years old	Year of AU Sales	Licensing Model
Illinois	9,395,645	Jan-20	<i>Limited</i>
Maine	1,030,858	Oct-22	Open
Michigan	7,374,595	Dec-19	Open
Missouri	4,471,589	Feb-23	<i>Limited</i>
Oregon	3,108,216	Oct-15	Open
Vermont	476,146	Oct-22	Open
Washington	5,482,380	Jul-14	Open

Product usage data from the RDCOS indicates that products outside of lower-potency edibles will still be in high demand (flower, concentrates, etc.).

To better understand the canopy size to be spread across the medical and adult use cultivation (30,000 sq. ft.), mezzobusiness (15,000 sq. ft.), and microbusiness (5,000 sq. ft.), and medical combination businesses (60,000 sq. ft.), the legislature may look to other state's capacity per capita 21 years or older in Table 5 on the next page. § 342.02 Subd. 2.(18) provides the office authority to adjust plant canopy to meet market demand.

Table 5. Select Adult-Use States Cultivation Licensing and Canopy Capacity

Adult-Use State	State Population 21+ Years old	Licensed AU Cultivators	Maximum Canopy Size Allowed for License Type	Maximum Statewide Canopy Size for Current Licensees (sq. ft.) *Assumes 1 plant = 2 sq. ft.	Total Canopy Sq. Ft.	Sq. Ft. Per Capita 21+
Michigan	7,374,595.00	9 class a	100 plants	1,800.00	3,850,800.00	0.52
		105 class b	500 plants	105,000.00		
		840 class c	2000 plants	3,360,000.00		
		96 excess	2000 plants	384,000.00		
Illinois	9,395,645.00	63	5,000 sq ft	315,000.00	4,935,000.00	0.53
		21	210,000 sq ft	4,620,000.00		
Missouri	4,471,589.00	51	30,000 sq ft	1,530,000.00	1,530,000.00	0.34
Vermont	476,146	306	1,000 sq ft (tier 1)	306,000.00	741,000.00	1.56
		52	2,500 sq ft (tier 2)	130,000.00		
		19	5,000 sq ft (tier 3)	95,000.00		
		3	10,000 sq ft (tier 4)	30,000.00		
		9	20,000 sq ft (tier 5)	180,000.00		
		0	37,500 sq ft (tier 6)	0		
Oregon	3,108,216	1416	40,000 sq ft max	9,000,000.00	9,000,000.00	2.9
Maine	1,030,858	9	500 sq ft (Tier 1)	4,500.00	476,500.00	0.46
		37	2,000 sq ft (Tier 2)	74,000.00		
		34	7,000 sq ft (Tier 3)	238,000.00		
		8	20,000 sq ft (Tier 4)	160,000.00		

While there has been no evaluation to say what ratio of manufacturers are necessary per sq. ft. of canopy for optimal market outcomes, the legislature may look to the same states to understand how other programs have accommodated in Table 6.

Table 6. Select Adult-Use States Manufacturing Licenses Per 100,000 Sq. Ft. of Canopy

Adult Use State	State Population 21+ Years old	Licensed Manufacturers/Processors in Operation	Total Canopy Sq. Ft.	Manufacturers/Processors Per 100,000 Sq. Ft. of Canopy
Michigan	7,374,595.00	249	3,850,800.00	6.47
Illinois	9,395,645.00	60	4,935,000.00	1.22
Missouri	4,471,589.00	77	1,530,000.00	5.03
Vermont	476,146.00	76	624,552.00	12.17
Oregon	3,108,216.00	100	9,000,000.00	1.11
Maine	1,030,858.00	68	2,486,000.00	2.74

Chapter 63 requires local governments to make available no less than one retail registration for every 12,500 residents. When evaluating city population size for each of the [913 local governments](https://www.minnesota-demographics.com/cities_by_population) (https://www.minnesota-demographics.com/cities_by_population), there will be no less than 381 retail registrations. However, many local governments may seek to have more retail registrations than the statutory minimum. As such, the legislature may consider a larger number than the statutory minimum.

Section 5. Public Health

While the Office does not yet have comprehensive information to provide a full report on driving safety and legal and arrest implications at this time, the survey conducted did address prevalence of cannabis use disorder (CUD) and prevalence of driving under the influence of cannabis (DUIC) within the sample. Additionally, the Office is committed to reporting information regarding traffic safety and legal implications in future reports and plans to coordinate with the Department of Public Safety as the agency implements a pilot project to assess tools to track impaired driving due to cannabis in the state.

A revised version of the Cannabis Use Disorder Identification Task (CUDIT-SF) was used to assess prevalence of cannabis use disorder (CUD). Forty-seven percent of the total sample qualified for CUD. When examining prevalence of driving under the influence of cannabis (DUIC), nearly half (43%) of the sample reported at least one day of DUIC within the past month. Among the total sample, the average number of DUIC days within the past month was 4.3 days; however, among those who reported at least 1 DUIC day, the average number of DUIC days within the past month was 10 days. Twenty-eight percent of the total sample reported consuming cannabis right before or during work within the past month, compared to 51% of those with at least 1 DUIC day within the past month. Altogether, those reporting

any DUIC days within the past month were more likely to report a higher number of DUIC days and consuming cannabis before or during work.

Participants were presented with questions inquiring about their perceived risk of harm for a variety of cannabis consumption behaviors on a scale from “not harmful at all” to “very harmful”. Overall, participants rated “using cannabis while pregnant” as *most* harmful (62.4% rated this as at least moderately harmful) and “consuming cannabis every day” as *least* harmful (32.8% rated this as at least moderately harmful). Please refer to Table 7 for detailed findings.

Among those with *zero* DUIC days within the past month - 32% of these respondents endorsed driving under the influence of cannabis as “very harmful”, 26% endorsed DUIC as “moderately harmful”, 29% endorsed DUIC as “a little harmful”, and 13% endorsed DUIC as “not harmful at all”.

Among those with *at least one* DUIC day within the past month - 9% of these respondents endorsed driving under the influence of cannabis as “very harmful”, 22% endorsed DUIC as “moderately harmful”, 41% endorsed DUIC as “a little harmful”, and 28.2% endorsed DUIC as “not harmful at all”.

As demonstrated in Figure 8, those with zero DUIC days rated DUIC as overall more harmful than those with at least one DUIC day. The differences in ratings of DUIC risks between those who have zero DUIC days and those who have at least one DUIC day are statistically significantly different.

Figure 8. Perception of Harm Ratings for DUIC Among Participants With and Without Past-Month DUIC Days.

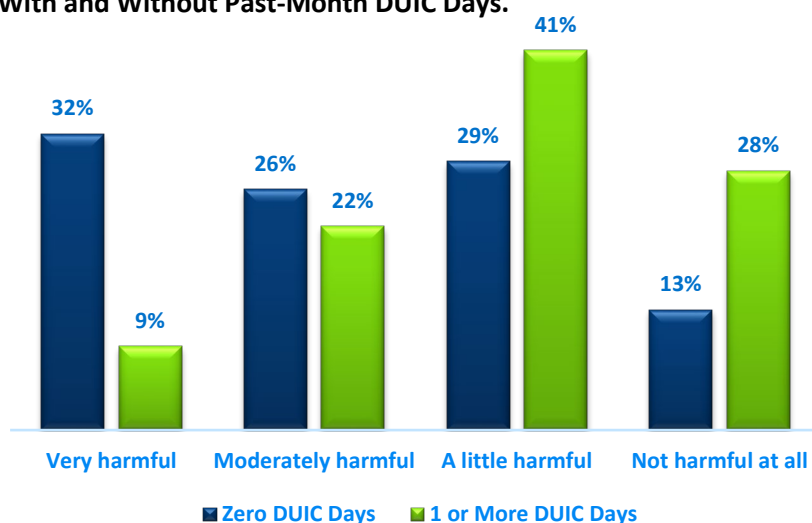


Table 7. Perception of Harm Ratings Across a Variety of Cannabis Consumption Behaviors.

	Not harmful at all	A little harmful	Moderately harmful	Very harmful
Driving under the influence of cannabis	19.4%	34%	24.3%	22.3%
Consuming cannabis every day	33.4%	33.8%	21.1%	11.7%
Using cannabis while pregnant	16%	21.7%	24.5%	37.9%
Cannabis use as an adolescent (under 16 years old)	14%	28.7%	28.3%	28.9%