

North Bonneville Public Development Authority

Business Plan

Officers

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Table Of Contents

| | |
|--|----|
| Table Of Contents | 2 |
| Executive Summary | 3 |
| Description..... | 3 |
| Mission | 4 |
| Organization and Personnel | 4 |
| Legal Analysis..... | 4 |
| Board Biographies | 5 |
| Market Analysis | 6 |
| Market/Business Risks | 6 |
| Initial Goals..... | 8 |
| SWOT Analysis | 8 |
| Strengths | 8 |
| Weaknesses | 8 |
| Opportunities | 8 |
| Threats | 9 |
| Organization..... | 9 |
| Management..... | 9 |
| Surplus Revenue / Deficits | 9 |
| Store Hours / Personnel | 9 |
| Accounting..... | 15 |
| IT Environment | 15 |
| Location | 15 |
| Services/Product Offerings..... | 15 |
| Marketing | 16 |
| Store Environment | 16 |
| Advertising / Marketing Structure..... | 17 |
| Initial Market | 18 |
| Clark County Market..... | 18 |
| Tourism Market..... | 18 |
| Advertising Venues..... | 19 |
| Site/Building Plan..... | 21 |
| Remodel Cost Projections | 21 |
| Security plan | 22 |
| Display plan | 22 |
| Pro-Forma Financials | 23 |
| Insurance | 29 |
| Operations Plans..... | 29 |
| Waste destruction plan | 29 |
| Security plan | 29 |
| Record keeping plan..... | 29 |
| Suppliers / Testing | 30 |
| Inventory..... | 30 |



Executive Summary

This business plan lays out initial plans and analysis related to the operation and development of a retail marijuana store. This document is intended to be a “living” document. It should be reviewed and updated on a regular basis, at least yearly, to plan for activities and improvements, and to predict and overcome challenges.

Description

The North Bonneville Public Development Authority (‘NBPDA’ or “the Authority’) is a local government agency established by the City of North Bonneville to undertake, assist with and otherwise facilitate the operation of a retail marijuana store.

The Authority’s goals are:

- To help assure a tightly controlled and regulated marijuana market,
- To help finance law enforcement and public safety,
- To promote substance abuse education and treatment in the community of North Bonneville,
- To prevent diversion of marijuana to other states,
- To prevent diversion of revenue to criminal enterprises,
- To prevent illegal sales,
- To prevent distribution of marijuana to minors and provide drug education to minors,
- To prevent illicit activities,
- To prevent violence and the use of firearms in the distribution of marijuana,
- To prevent drugged driving, and
- To generally promote public health and safety within the community of North Bonneville.

The Authority will distinguish itself by maintaining a high level of ethics, professionalism, and customer service while diverting all excess funds to the accomplishment of the above goals.

In addition to the creation and operation of a retail marijuana store, the Authority will leverage its activities to promote the economic growth of the city.

Under state law, PDAs can undertake a wide range of activities. While the current charter and bylaws limit the PDA to opening and operating a marijuana store, the PDA may pursue additional economic development efforts at a later time if such activity is approved by the city council.

Mission

The mission of the NBPDA is to comply with the new laws of the State of Washington and promote local economic development through responsible public administration of the impact and influences these changes will bring to the social and economic landscape of our community.

Organization and Personnel

NBPDA will be managed by a professional retail operator and staffed with professional, knowledgeable clerks. Oversight of the organization is provided by a five-member board of directors who are appointed by the City of North Bonneville.

The board will initially be “hands-on,” ensuring the successful development of the store. As the store becomes self-sufficient, the board will continue to provide oversight, while focusing on using store revenues to achieve the Authority’s goals in the areas of public health and safety.

To the extent that such experience can be obtained, the board should consist of individuals with:

- a strong retail background
- a strong finance background
- a strong background in cannabis and related issues
- a strong legal and/or local government background
- a representative of North Bonneville families

The Authority will consult with legal counsel and management consultants as needed to supplement their expertise.

Legal Analysis

On November 6, 2012, Washington state voters passed Initiative I-502, making the state the first jurisdiction in the world to fully legalize and regulate the commercial production and distribution of marijuana for adult use. Colorado voters passed Amendment 64 the same day; I-502 became law December 6, 2012, and the Colorado governor ratified Amendment 64 on December 10, 2012.

In contrast to existing medical marijuana law, I-502 takes possession of personal amounts of marijuana out of the state criminal justice system and establishes a highly regulated system for production, processing and retail sale. I-502 did not change the medical marijuana law; at present the two systems operate independently.

The initiative placed responsibility for the regulation of non-medical marijuana in the hands of the Washington Liquor Control Board, which promulgated administrative rules for the program at Chapter 314-55 WAC.

The question was, for approximately ten months, whether the United States federal

government would allow the state of Washington to implement this new law. The answer came on August 29, 2013, when the U. S. Department of Justice, in response to recent state ballot initiatives, issued a press release announcing the adoption of revisions to federal marijuana enforcement policy. A memorandum which accompanied the press release stated eight enforcement areas that federal prosecutors should continue to prioritize, but clearly the federal government has decided to allow Washington to proceed with the implementation of I-502 – under close watch.

Federal banking regulations which to date have made banking services unavailable to persons or entities engaged in the marijuana business, and federal tax law which requires reporting of income and payment of income taxes, but disallows the deduction of the costs of operation, are significant obstacles to be overcome.

Considering the potential impacts of having a privately owned marijuana retail store in its city, with no potential funding for the management or control of those impacts, the members of the North Bonneville City Council determined that it would be in the best interests of the city and its residents to form a Public Development Authority for the purpose of applying for the retail license. If successful, the PDA would then be in a position to operate the retail outlet in a manner that minimizes negative impacts on the community, while using the income from the operation to fund programs benefitting the community. Hence, the North Bonneville PDA was incorporated as an independent entity, to begin operations with a \$15,000 grant from the city as seed money.

There is some hope for relief from the banking and tax law restrictions. HR 2652, introduced by Mr. Heck and Mr. Smith of Washington, as well as Mr. Blumenauer and Mr. DeFazio of Oregon, in the House of Representatives, is intended to create protections for depository institutions that provide financial services to marijuana-related businesses. HR 2240, also introduced by Congressman Blumenauer of Oregon, amends Section 280E of the Internal Revenue Code to allow marijuana-related business acting in accordance with state law to be treated the same as any other legitimate business. Time will tell whether either of these bills gains any traction in Congress.

At present, marijuana businesses cannot obtain protection for product brand names with the U.S. Patent and Trademark Office, but registration is available within the state of Washington with the Secretary of State. This may be a significant obstacle for larger business interests interested in establishing a regional or national brand presence as a marketing strategy.

Board Biographies

Tim Dudley is a former city council of the City of North Bonneville, and owns an expanding chain of restaurants. <Bio Needed>

Rachele Rice is a local mom who has a strong background in technology, and communications, and business start-ups. <Bio Needed>

Steve Grimsrud lives in a nearby community and has 45 years of experience in the marijuana industry. <Bio Needed>

Chad Green is a local dad who has long experience in the marijuana industry as well as experience in medical businesses. <Bio Needed>

Dan Smith is retired from thirty years as a television and media production engineer. He spent 17 years with a PBS affiliate in Florida and another 15 years freelancing. Additionally, he is a talented writer.

Market Analysis

According to BOTEK, approximately 1,275 people in Skamania County currently use cannabis. This estimate is likely to be low because of the tendency for people to underreport illicit drug use. With legalization the number of people using cannabis will increase by an unknown factor. Using a US Department of Health and Human Services (DHHS) estimate that about 7% of the US population uses cannabis at least once per month, we can assume that an additional market exists of 278 highway non-commercial vehicles. In total, the city's potential local market is therefore about 1,500 people, while the pro-forma break-even point is about 900 monthly customers. This would seem to make the PDA's prospects look sound. However, this should be tempered by the unanswered questions of what percent of the market will remain in the black market, and what percent of the market a competing store is likely to attract.

Because of moratoriums throughout southwest Washington, the PDA's store will likely have a six-month head start over other regional stores, providing it with an initial boost in revenue and an opportunity to build a customer base without competition. Further, because of its unique structure, probable lower prices (due to tax exempt status), and guarantee on above-board processes, we anticipate the Authority will attract additional business from the Clark County market.

The PDA will market its wares on price and story. Enhancing visibility from the freeway will be crucial. Since the heaviest users of marijuana are those in their mid-20s and those who use it for medicinal reasons, the Authority will focus its advertising campaign on on-line media, including a website, Facebook, and a Twitter Account.

Market/Business Risks

Risk Factors can be broken down into 3 categories: legal challenges, difficulty obtaining market share, and financial.

Legal Challenges

Federal law. Marijuana remains illegal under federal law. While the current administration has indicated that it will provide amnesty to state licensed operations, there is no guarantee that the next administration will continue this policy. It will be

prudent for the PDA to seek an agreement with the Department of Justice to allow an orderly shutdown of operations should their policy change.

Local residents.

There is a group of local residents who strongly oppose the PDA's efforts and who have threatened legal action to stop the PDA from proceeding. It is possible, even probable, that this group will continue and expand their efforts by picketing, harassing or otherwise attempting to disrupt operations. To help ameliorate these efforts, the PDA should begin a public relations (PR) campaign to influence public opinion in its favor.

Given that an Anti-PDA campaign is already in full swing, the PR campaign should begin immediately. In fact, the PDA has already created a draft Frequently Asked Questions (FAQ) brochure for dissemination. When complete, the FAQ can be used to draft a listing of talking points that PDA board members can use. The board should recruit help in conducting a doorbell ringing effort to discuss citizens' concerns and explain the PDA's goals. The board president should make himself available for media interviews, while the board secretary should contact media to push the story. This will also help with the marketing effort (see section on Marketing below).

It would also behoove the PDA to seek out speaking opportunities to sell the PDA's story and provide opportunities for residents to vent their concerns. This campaign could include all of SW Washington, including speaker's bureaus, VFWs, civic organizations, religious groups, and so forth. Such a campaign could also boost eventual sales.

Difficulty Obtaining Market Share

Competition. There will be a competing retail store in Skamania County and several in Clark County. While the PDA believes it will be able to compete well against other stores on price and story, other stores may be better funded, have a wider variety of merchandise, and may be better located to obtain market share.

Tax burden. The 50% tax burden on legal marijuana will have a large impact on the cost of the end product, possibly raising it high enough that consumers will be unwilling to switch from the already entrenched and significantly less expensive black market.

Facility. The building the PDA intends to use is somewhat small. While it should be adequate to serve the Skamania County population, it may be inadequate for a larger customer base. This is a particular concern because the store may be the first to open in Southwest Washington (see discussion under Marketing). If it is flooded by customers and is unable to provide adequate service, its reputation may suffer and it may miss a key opportunity to obtain and retain a large share of the market.

Financial

Cost of goods sold. With the plethora of growers and producers obtaining licenses there should be considerable market pressure to keep costs down, thus enabling the PDA to better compete against black market products. That said, the costs may be higher than

the PDA's pro-forma financials suggest, and obtaining financing for initial purchases may be more expensive than the model suggests.

Funding. As a local government, the PDA has thus far shied away from seeking private partners and investors. Such relationships could require more of a profit motive and inhibit the PDA's focus on public health and safety. While reasonable, this stance leaves the PDA under-funded and reliant on debt financing, raising its costs and leaving it more susceptible to temporary financial difficulties such as a slow start, difficulties with product, and so forth. Hopefully, state-sponsored lending programs will provide low-interest financing to ameliorate this problem. Still, obtaining grant funding for start-up expenses would be very helpful. This should be possible because of the novel nature and public benefits of the endeavor.

Initial Goals

- Complete this Business Plan – January, 2014
- Obtain a retail license – May, 2014
- Open Store – August, 2014
- Break even in 2015 and achieve a profit margin of 6% (surplus of \$150,000) by June, 2016
- Secure a home site for the PDA separate from the retail facility and from City Hall where the PDA can do business, hold public meetings, plan and coordinate community enhancement actions, receive donations, fundraise, etc.
- Plan and hold fund raising events designed primarily to get the citizenry involved in community development unrelated to operating the store.
- Develop and sustain an information vehicle to regularly inform and solicit involvement of the people. i.e. The Community Center Newsletter or the like. An outreach publication for the "Bonnevillie Boosters, Inc." good news and needs.
- Put into action those Public Health and Safety measures deemed necessary and useful as soon as practicable.

SWOT Analysis

Strengths

Location (on freeway, proximity to larger markets), reputation, federal tax-free, organization (solid business plan), existing building

Weaknesses

Location (distance from Vancouver), funding, vendor connections

Opportunities

Personal connections with vendors, relationship to city, news coverage, clark county moratoriums, market elasticity (ie ability to raise price)

Threats

Council/Public opposition, market elasticity (ie inability to raise price), uncertainty, competition from Clark and Klickitat Counties, timeline

Organization

Management

Principal work is conducted by a manager and team of clerks. Principal analytical work is performed by Pulse Consulting. Accounting (year-end reporting) will be provided by a contracted accountant (CPA). Monthly reconciliations can be provided by either Pulse Consulting or a contracted accountant; it will important to separate this duty from regular staff for oversight and control purposes. Legal Counsel is being provided by Tuenis Wyers Law, PC.

The Authority is responsible for its own success. No assistance from the City of North Bonneville is anticipated.

Major decisions regarding operation of the corporation such as capital purchases, hiring decisions, and all formal contracts will be made by the board of directors. The board will also actively engage in dispensing surplus revenues on community health and safety programs. Operational decisions will be handled by the store manager.

Surplus Revenue / Deficits

Surplus revenue will first be used to secure the Authority's financial standing, afterwards they will be directed toward public health and safety projects. Deficits will be supported through fund balances.

Store Hours / Personnel

The store will be staffed from noon to 9pm, 5 days per week (Thursday through Monday). The later opening will help separate customers from children since school busses do not run after 10AM. The later closing will be attractive to customers who desire product while relaxing after dinner.

Initial personnel will consist of one full-time manager, paid hourly. Prior to opening the store the manager will hire seasoned retail clerks, in consultation with the board. All personnel will display an identification badge while on the PDA's premises. All personnel will receive training on Washington marijuana laws, addiction issues ...

Upon opening, staffing will consist of the manager, two part-time clerks and one on-call clerk. Once the store ramps up, one of the clerks will be promoted to a part-time assistant manager (full-time during peak season) so that each position has an alternate. Thus, there will be one manager and one clerk on site during all operating hours.

0-3 months staffing:

1 Manager f/t
4 Clerks p/t
3 on call/alternate clerk
5 volunteers (PDA board)

3-6 months staffing:

1 Manager f/t
1 Lead clerk p/t
4 Clerk p/t
1 on call/alternate clerk
5 volunteers (PDA board)

6-9 months staffing (full staffing):

1 Manager f/t
1 Lead clerk p/t
4 Clerks p/t
1 on call/alternate clerk

Peak Season (summer) staffing:

Store will be staffed from 9am to 7pm, 7 days per week

1 Manager f/t
1 Lead clerk f/t (seasonal)
5 Clerks p/t
2 on call/alternate clerk

Position Descriptions Follow:

Position: Retail Store Manager

Summary: Manages store, purchases inventory, provides daily accounting, serves customers by providing merchandise; supervises staff.

Duties:

- Completes store operational requirements by scheduling and assigning employees; following up on work results.
- Maintains store staff by recruiting, selecting, orienting, and training employees.
- Maintains store staff job results by coaching, counseling, and disciplining employees; planning, monitoring, and appraising job results.
- Achieves financial objectives by preparing an annual budget; scheduling expenditures; analyzing variances; initiating corrective actions.
- Identifies current and future customer requirements by establishing rapport with potential and actual customers and other persons in a position to understand service requirements.
- Ensures availability of merchandise and services by approving contracts; maintaining inventories.
- Formulates pricing policies by reviewing merchandising activities; determining additional needed sales promotion; authorizing clearance sales; studying trends.
- Markets merchandise by studying advertising, sales promotion, and display plans; analyzing operating and financial statements for profitability ratios.
- Secures merchandise by implementing security systems and measures.
- Protects employees and customers by providing a safe and clean store environment.
- Maintains the stability and reputation of the store by complying with legal requirements.
- Determines marketing strategy changes by reviewing operating and financial statements and departmental sales records.
- Maintains professional and technical knowledge by attending educational workshops; reviewing professional publications; establishing personal networks; participating in professional societies.
- Maintains operations by initiating, coordinating, and enforcing program, operational, and personnel policies and procedures.
- Contributes to team effort by accomplishing related results as needed.
- Other duties as assigned.

Skills/Qualifications:

- Customer Focus,
- Tracking Budget,
- Pricing,
- Vendor Relationships,

- Advanced knowledge of marijuana, the marijuana market, and related issues,
- Staffing,
- Results Driven,
- Strategic Planning,
- Management Proficiency,
- Client Relationships,
- Verbal Communication,
- Basic Accounting,
- Competent Computer Skills
- Must have a clean criminal history
- Must have lived within Washington State for at least three months prior to hire

Position: Retail Sales Clerk

Summary: Obtain or receive merchandise, total bills, accept payment, and make change for customers in retail store by performing the following duties.

Duties:

- Stock shelves, counters, or tables with merchandise.
- Set up advertising displays or arrange merchandise on counters or tables to promote sales.
- Stamp, mark, or tag price on merchandise.
- Obtain merchandise requested by customer or receive merchandise selected by customer.
- Answer customer's questions concerning location, price, and use of merchandise.
- Total price and tax on merchandise purchased by customer to determine bill.
- Accept payment and make change. Wrap or bag merchandise for customers.
- Remove and record amount of cash in register at end of shift.
- Calculate sales discount to determine price.
- Keep record of sales, prepare inventory of stock, and order merchandise.
- Keep the showroom clean and orderly
- Other duties as assigned.

Skills/Qualifications:

- Previous retail or customer service experience.
- Advanced knowledge of marijuana and related products.
- Ability to read and interpret documents such as department manual.
- Ability to speak effectively with customers.
- Ability to apply concepts such as fractions, percentages, ratios, and proportions to practical situations.
- Ability to interpret an extensive variety of technical instructions in mathematical or diagram form.
- Must be able to work with minimum amount of supervision under stressful conditions.
- Must have a High School Diploma or G.E.D
- Must have a clean criminal history
- Must have lived within Washington State for at least three months prior to hire

Accounting

NBPDA will account for its activity on a cash basis and maintain a calendar year fiscal schedule, to match with the City of North Bonneville. It will hire an independent accounting firm to prepare its annual reports and provide financial advice.

IT Environment

Initial IT purchases will include:

- POS system (this system will provide traceability as described in WAC 314-55-083(4).
- Security Systems
- 1 Credit card reader
- 1 Desktop Computer for manager use (also connected to Security System)
- 1 Phone line with 2 phones (front desk and manager's office)
- 1 Color laser printer

Alarm/Surveillance Systems.

A security alarm will protect all perimeter entry points and windows as detailed on the facility plans. Motion detectors will cover all retail and delivery areas. Panic buttons will be located at the manager's desk, at the cashier station, and in the delivery area.

The surveillance system will comply with WAC 314-55-083(3), as detailed on the facility plans.

Location

484 Evergreen, keeping Cascade Business Park as an alternate.

Services/Product Offerings

NBPDA will provide a large suite of cannabis and cannabis-related products:

- High and medium quality flower, various types
- Education and counsel
- Various paraphernalia (smoking paraphernalia to be limited, focus of inhaled products will be vapor, since smoke inhalation may be harmful)
- all sorts of infused products
- Tourism articles (t-shirts, mugs, postcards, etc.)

A key feature of the Authority's services will be a customer service and a focus on education and safety.

Will not provide service to intoxicated individuals, any suspected of reselling or providing to children

While roughly 2/3 of the initial market demand is likely to be for combustible products, the store will focus on infused products because the market for them is growing and because they enjoy a higher mark-up.

While the store will not advertise itself for medical purposes, the product offerings will include a full array of medically-oriented merchandise. Store staff will develop expertise medical merchandise.

Washington Administrative Codes (WACs) Affecting Products

314-55-079 Prohibits sale of extracts that are not infused in products.

314-55-079 Limits inventory to four months average of sales

314-55-095 Limits serving sizes and numbers of servings sold

<Further discussion on product offerings from Chuck and Steven>

Marketing

For purposes of this business plan and associated financial projections, only Skamania County residents and current state route 14 traffic have been assumed. This makes the plan more conservative and therefore more likely to succeed.

The projections used in the financial forecasts assume the Authority will attract the equivalent of the entire Skamania County resident market (the model assumes 1,139 customers per month (about 38 customers per day) by the end of 2015 while Washington State consultants have estimated that 1,275 Skamania County residents currently use cannabis. This does not include the current tourism market, however, and the resident market estimate is likely to be low because of the tendency for people to underreport illicit drug use. With legalization the number of people using cannabis will also increase by an unknown factor.

Using a US Department of Health and Human Services (DHHS) estimate that about 7% of the US population uses cannabis at least once per month, we can assume that an additional market exists of 278 out of 4,000 non-commercial highway vehicles. In total, the city's potential local market is therefore about 1,500 people.

The assumed customer base of 1,139 is a safe assumption because the break-even point is at 897 customers per month and the market estimate of 1,500 users does not include Clark County residents or new users.

Store Environment

While security will remain the paramount concern, the atmosphere of the store and its surrounding will be made as pleasant, comfortable and open as practical. The building

will include as much natural light as possible, using narrow, horizontal windows to maintain security. The paint scheme will be light, natural colors similar to what might be found in a high-end grocery store.

Personnel will similarly be trained to be inviting and open, welcoming customers into the store and offering to provide information about the products and the industry.

Advertising / Marketing Structure

The focus of marketing efforts will be as follows:

- Large mural facing the freeway
- Social media (particularly Facebook, Twitter, Webpage)

The PDA will market its wares on price and story. As a government agency, the PDA will be federally tax-exempt and intends to leverage this into lower consumer prices. While other stores are likely to focus on price, the PDA will be uniquely situated to out-compete them because of its federally tax-exempt status. The public benefit nature of the store also makes a compelling story and can be capitalized on to attract customers who are concerned about the shady reputation of cannabis business and/or who are community-minded.

The PDA will need to find a way to promote its wares without attracting minors. A key feature of all advertising should be the promotion of moderate, responsible use of cannabis.

It will be important for the PDA to settle on two trade names – one for the store and one for the corporation. “North Bonneville Public Development Authority” sounds obscure and bureaucratic to be effectively marketed. Something like “Bonneville Boosters. Inc.,” for example, could be effectively marketed because it’s shorter and easier for people to understand its role. The need for friendly names becomes especially obvious when one considers how well government entities tend to fair in the field of public relations!

The trade name can have a big impact on the store’s marketability. It may be worthwhile to hire a marketing firm to assist in the name and associated logo.

A good name and tag line such as “Cannabis Corner – 5 minutes west of the Bridge of the Gods” will be a useful tool to help customers remember the store and its location.

Secondary advertising should tout the health benefits of cannabis products, and promote the city of North Bonneville along with its business opportunities such as the Cascades Business Park and the CBA.

While WAC 314-55-147 limits store hours to between 8 AM and 12AM, the Authority’s

store will be open from 9:00AM to 8:00PM. These more limited hours will help limit access by children and limit potential late-night safety issues.

Initial Market

Skamania and Clark Counties, and most of their cities, have enacted moratoriums against the establishment of marijuana businesses. The only city we are aware of that does not have such a moratorium is the City of Battle Ground, which has very few locations that meet both local and state restrictions. It is therefore likely that the North Bonneville store will open up to six months earlier than any other in the region. This fact, along with the novel nature of the PDA, should provide considerable opportunity for media exposure. If the PDA can take advantage of this time to capture market share it will be well positioned for long-term success.

Clark County Market

Because of its unique structure, probable lower prices (due to tax exempt status), and guarantee on above-board processes, we anticipate the Authority will attract additional business from the Clark County market. If this proves to be true, such business will work to enhance the finances of the NBPDA.

Tourism Market

There are three primary tourist markets available to the PDA: the East Portland and West Central Oregon areas, national cannabis tourists, and visitors to the Gorge who come to take advantage of the natural amenities.

With its early opening (see initial market, above), the PDA will be in a good position to obtain some share of the Oregon market. Once stores open in Clark County and White Salmon, however, much of this market will dry up. The PDA will need to work hard to maintain its share of these markets by focusing on its core marketing structure of price and story.

North Bonneville will similarly be in a position to obtain an initial share of the national cannabis tourism market, and must work to retain it similarly to that of the Oregon markets. Unfortunately, the PDA will not likely have the financing to advertise to this market and will likely lose most of it as other stores open.

The best chance to obtain a lasting share of the tourism market will be that of the tourists coming to the Gorge for other reasons. Not only does the store have a convenient and visible location off the freeway, but it is also likely to be the first store encountered by visitors traveling east along Highway 14. The key to taking advantage of its location will be to find a way to make it as visible as possible to motorists without violating signage restrictions in WAC 314-55-155.

The PDA should also work closely with the Skamania County Chamber of Commerce to

find ways to promote the shop to visitors. At minimum, the PDA should educate the chamber about the store's hours, offerings, basic story.

Advertising Venues

The need for visible signage from the freeway has been discussed above. Beyond the driving demographic, the heaviest users of marijuana are those in their mid-twenties and those who use it for medicinal reasons. Both of these demographics can be reached via online media, including a website, Facebook, and a Twitter Account. The website will provide detailed information about the store's offerings, the PDA and its mission, medicinal information, responsible use, and so forth. The Facebook and Twitter accounts will be used to provide visibility and up-to-date information about special offerings, and will direct customers to the website for more information.

As alluded to throughout this business plan, the PDA should attempt to attract attention from the news media, especially during 2014. Every phase of store development (receipt of a license, completion of this business plan, beginning of remodel, opening of store, initial successes and difficulties) should be pushed to the media via both press releases and development of relationships with reporters.

In-Store Advertising

WAC 314-55-083(6)(J) prohibits the PDA from providing free samples to customers. Customers may sniff marijuana samples in jars as described by WAC 314-55-105(8).

Washington Administrative Codes (WACs) Affecting Advertising

314-55-079 Prohibits:

- internet sales and delivery of products
- the sale of products below their acquisition cost

314-55-086 Requires:

- A conspicuous sign located at the entry stating explicitly, "Persons under twenty-one years of age not permitted on these premises."
- A sign at the main entrance prohibiting the opening or consumption of marijuana products in public.
- The current master license with appropriate endorsements posted conspicuously

314-55-105 Requires:

- That barriers restrict customers from access to all products
- Labs and test results must be disclosed to customers
- Infused products must be in child-resistant packaging
- All marijuana and infused products must be accompanied by certain warnings and product information

314-55-155 Requires:

- The stores sign to be affixed to the building and limits the store to one sign of no more than 1600 square inches (about 2 X 5.5 feet) that is visible from a right-of-way
- No representation of curative or therapeutic affects
- Advertising may not be designed to appeal to minors
- Advertising has similar restrictions on location to those of the location of stores
- Certain warnings

Site/Building Plan

Remodel Cost Projections

| | New Construction | Remodel |
|---|------------------|-----------------|
| PROPERTY ACQUISITION COST: | | |
| Parcel 2 | \$9,821 | |
| Closing Costs | | |
| Origination Fee (1 point) | \$98 | |
| Appraisal | \$3,000 | |
| Survey | \$5,000 | |
| Title | \$2,000 | |
| Recording Fee | \$1,000 | |
| Insurance | \$5,000 | |
| Monthly Lease * 5 months | | \$9,800 |
| Total Property Acquisition Costs | \$25,920 | \$9,800 |
| HARD COSTS: | | |
| Architectural/Engineering Fees | \$13,050 | \$1,500 |
| General Construction | | |
| Site Preparation | \$5,000 | \$0 |
| Building | \$130,500 | \$15,000 |
| Fire Sprinkling | \$7,000 | \$7,000 |
| Landscaping/Fencing | \$20,000 | \$2,000 |
| Parking Area | \$9,200 | \$2,000 |
| Building Permit | \$736 | \$85 |
| Planning Permit | \$368 | \$42 |
| Total Hard Costs | \$185,854 | \$27,627 |
| Equipment | | |
| Display Cabinets | \$10,000 | \$10,000 |
| Surveillance | \$15,500 | \$15,500 |
| Computer | \$2,000 | \$2,000 |
| Cash Register | \$1,500 | \$1,500 |
| Misc | \$2,900 | \$2,900 |
| Total Soft Costs | \$31,900 | \$31,900 |
| CONSTRUCTION COST: | \$243,674 | \$69,327 |
| Construction Payments | \$6,424 | \$1,249 |

Security plan

Per insurance requirements, NBPDA will purchase and install a safe weighing at least 800 pounds with at least a 4-hour fire safety rating. The safe will be bolted to the floor and will be used to house all cash and marijuana flower when the facility during non-business hours.

<Plan description>

<Map of facility, including exterior>

Display plan

<Plan description>

<Map of facility>

Pro-Forma Financials

| | 5-Year Cash Flow Summary | | | | |
|------------------------------|---------------------------------|-------------|-------------|-------------|-------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| Customer Base | 1,794 | 12,325 | 13,876 | 14,084 | 14,296 |
| Revenues | \$335,348 | \$2,303,628 | \$2,658,348 | \$2,765,679 | \$2,877,343 |
| Operating Expenses | | | | | |
| Cost of Goods Sold | \$234,785 | \$1,141,521 | \$1,283,062 | \$1,334,866 | \$1,388,761 |
| Labor | \$51,470 | \$224,680 | \$230,297 | \$236,054 | \$241,956 |
| Utilities / NNN | \$3,917 | \$9,401 | \$9,636 | \$9,877 | \$10,124 |
| Insurance | \$5,530 | \$34,554 | \$40,872 | \$41,894 | \$42,941 |
| Taxes | \$111,238 | \$764,136 | \$881,801 | \$917,403 | \$954,443 |
| Professional Fees | \$600 | \$3,600 | \$3,645 | \$3,691 | \$3,738 |
| Facility Costs | \$600 | \$1,800 | \$1,845 | \$1,891 | \$1,938 |
| Remodel Loan Payments | \$0 | \$14,990 | \$14,990 | \$14,990 | \$14,990 |
| Subtotal Direct Expenses | \$446,340 | \$2,220,183 | \$2,486,984 | \$2,581,948 | \$2,680,631 |
| Subtotal Surplus / (Deficit) | (\$110,992) | \$83,444 | \$171,365 | \$183,731 | \$196,712 |
| Profit Margin | N/A | 3.6% | 6.4% | 6.6% | 6.8% |
| Mission Expenses | | | | | |
| Public Health and Safety | \$5,000 | \$33,000 | \$75,000 | \$128,000 | \$168,000 |
| Surplus / (Deficit) | (\$115,992) | \$50,444 | \$96,365 | \$55,731 | \$28,712 |
| Cumulative Cash Flow | (\$115,992) | (\$65,547) | \$30,817 | \$86,548 | \$115,260 |

2014

| | Customer Base | January | February | March | April | May | June | July | August | September | October | November | December | 726 | 641 | 427 | 1794 |
|-----------------------------|---------------|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenues | | | | | | | | | | | | | | | | | |
| Std. Flower - Low End | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$71 | \$71 | \$71 | \$71 | \$71 | \$71 | TOTAL |
| Std. Flower - High End | | | | | | | | | | | \$33 | \$33 | \$33 | \$33 | \$33 | \$33 | |
| Prest. Flower - Low | | | | | | | | | | | \$21 | \$21 | \$21 | \$21 | \$21 | \$21 | |
| Prest. Flower - High | | | | | | | | | | | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 | |
| Std. Oil - Low End | | | | | | | | | | | \$28 | \$28 | \$28 | \$28 | \$28 | \$28 | |
| Std. Oil - High End | | | | | | | | | | | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | |
| Prest. Oil - Low | | | | | | | | | | | \$8 | \$8 | \$8 | \$8 | \$8 | \$8 | |
| Prest. Oil - High | | | | | | | | | | | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | |
| Subtotal Revenue | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$79,845 | \$119,767 | \$135,736 | \$135,736 | \$119,767 | \$79,845 | \$335,348 |
| Operating Expenses | | | | | | | | | | | | | | | | | |
| Cost of Goods Sold | | | | | | | | | | | | | | | | | |
| Std. Flower - Low End | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$38 | \$38 | \$38 | \$38 | \$38 | \$38 | \$38 | |
| Std. Flower - High End | | | | | | | | | | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | |
| Prest. Flower - Low | | | | | | | | | | \$11 | \$11 | \$11 | \$11 | \$11 | \$11 | \$11 | |
| Prest. Flower - High | | | | | | | | | | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | |
| Std. Oil - Low End | | | | | | | | | | \$14 | \$14 | \$14 | \$14 | \$14 | \$14 | \$14 | |
| Std. Oil - High End | | | | | | | | | | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 | |
| Prest. Oil - Low | | | | | | | | | | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | |
| Prest. Oil - High | | | | | | | | | | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | |
| Subtotal Cost of Goods Sold | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$38,489 | \$57,734 | \$65,432 | \$73,130 | \$73,130 | \$65,432 | \$57,734 | \$234,785 |
| Labor | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$9,342 | \$11,234 | \$14,043 | \$16,851 | \$16,851 | \$14,043 | \$11,234 | \$51,470 |
| Utilities / NNN | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$783 | \$783 | \$783 | \$783 | \$783 | \$783 | \$783 | \$783 | \$3,917 |
| Insurance | | \$0 | \$0 | \$0 | \$0 | \$500 | \$0 | \$0 | \$0 | \$1,258 | \$1,258 | \$1,258 | \$1,258 | \$1,258 | \$1,258 | \$1,258 | \$5,530 |
| Excise Tax | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$19,961 | \$29,942 | \$33,934 | \$33,934 | \$29,942 | \$19,961 | \$83,837 |
| Sales Tax | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$6,148 | \$9,222 | \$10,452 | \$10,452 | \$9,222 | \$6,148 | \$25,822 |
| B&O Tax | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$376 | \$564 | \$639 | \$639 | \$564 | \$376 | \$1,579 |
| Property Tax | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Legal Fees | | \$3,500 | \$500 | \$1,000 | \$5,000 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$14,000 |
| Marketing / Advertising | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,000 | \$1,000 | \$500 | \$250 | \$250 | \$250 | \$250 | \$500 | \$3,000 |
| Management Fees | | \$3,000 | \$1,500 | \$750 | \$750 | \$750 | \$750 | \$750 | \$750 | \$750 | \$750 | \$750 | \$750 | \$750 | \$750 | \$750 | \$12,000 |
| Janitorial | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$150 | \$150 | \$150 | \$150 | \$150 | \$150 | \$150 | \$600 |
| Property Maintenance | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Maintenance Reserve | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Lease | | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,400 | \$1,400 | \$1,400 | \$1,400 | \$1,400 | \$1,400 | \$1,400 | \$1,400 | \$1,400 | \$1,400 | \$9,800 |
| Remodel Loan Payments | | | | | | | | | | | | | | | | | \$0 |
| Subtotal Direct Expenses | | \$6,500 | \$2,000 | \$1,750 | \$5,750 | \$1,750 | \$2,650 | \$2,650 | \$4,433 | \$53,672 | \$100,794 | \$124,293 | \$140,097 | \$140,097 | \$124,293 | \$100,794 | \$446,340 |
| Subtotal Profit/(Loss) | | (\$6,500) | (\$2,000) | (\$1,750) | (\$5,750) | (\$1,750) | (\$2,650) | (\$2,650) | (\$4,433) | (\$53,672) | (\$20,949) | (\$4,526) | (\$4,361) | (\$4,361) | (\$4,526) | (\$20,949) | (\$110,992) |
| Profit Margin | | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Mission Expenses | | | | | | | | | | | | | | | | | |
| Public Health and Safety | | | | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$5,000 |
| Surplus / (Deficit) | | (\$6,500) | (\$2,000) | (\$2,250) | (\$6,250) | (\$2,250) | (\$3,150) | (\$3,150) | (\$4,933) | (\$54,172) | (\$21,449) | (\$5,026) | (\$4,861) | (\$4,861) | (\$5,026) | (\$21,449) | (\$115,992) |
| Cumulative Cash Flow | | (\$6,500) | (\$8,500) | (\$10,750) | (\$17,000) | (\$19,250) | (\$22,400) | (\$25,550) | (\$30,483) | (\$84,656) | (\$106,105) | (\$111,131) | (\$115,992) | (\$115,992) | (\$111,131) | (\$106,105) | N/A |

2015

| | 812 | 854 | 897 | 942 | 989 | 1039 | 1090 | 1145 | 1139 | 1139 | 1139 | 1139 | 12325 |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------|
| | January | February | March | April | May | June | July | August | September | October | November | December | TOTAL |
| Customer Base | | | | | | | | | | | | | |
| Revenues | | | | | | | | | | | | | |
| Std. Flower - Low End | \$71 | \$71 | \$71 | \$71 | \$71 | \$71 | \$71 | \$71 | \$71 | \$71 | \$71 | \$71 | \$71 |
| Std. Flower - High End | \$33 | \$33 | \$33 | \$33 | \$33 | \$33 | \$33 | \$33 | \$33 | \$33 | \$33 | \$33 | \$33 |
| Prest. Flower - Low | \$21 | \$21 | \$21 | \$21 | \$21 | \$21 | \$21 | \$21 | \$21 | \$21 | \$21 | \$21 | \$21 |
| Prest. Flower - High | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 |
| Std. Oil - Low End | \$28 | \$28 | \$28 | \$28 | \$28 | \$28 | \$28 | \$28 | \$28 | \$28 | \$28 | \$28 | \$28 |
| Std. Oil - High End | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 |
| Prest. Oil - Low | \$8 | \$8 | \$8 | \$8 | \$8 | \$8 | \$8 | \$8 | \$8 | \$8 | \$8 | \$8 | \$8 |
| Prest. Oil - High | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 |
| Subtotal Revenue | \$151,705 | \$159,690 | \$167,674 | \$176,058 | \$184,861 | \$194,104 | \$203,809 | \$213,999 | \$212,932 | \$212,932 | \$212,932 | \$212,932 | \$2,303,628 |
| Operating Expenses | | | | | | | | | | | | | |
| Cost of Goods Sold | | | | | | | | | | | | | |
| Std. Flower - Low End | \$38 | \$38 | \$38 | \$38 | \$38 | \$38 | \$38 | \$38 | \$38 | \$38 | \$38 | \$38 | \$38 |
| Std. Flower - High End | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 |
| Prest. Flower - Low | \$11 | \$11 | \$11 | \$11 | \$11 | \$11 | \$11 | \$11 | \$11 | \$11 | \$11 | \$11 | \$11 |
| Prest. Flower - High | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 |
| Std. Oil - Low End | \$14 | \$14 | \$14 | \$14 | \$14 | \$14 | \$14 | \$14 | \$14 | \$14 | \$14 | \$14 | \$14 |
| Std. Oil - High End | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| Prest. Oil - Low | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 |
| Prest. Oil - High | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 |
| Subtotal Cost of Goods Sold | \$76,979 | \$80,828 | \$84,869 | \$89,112 | \$93,568 | \$98,246 | \$103,159 | \$102,644 | \$102,644 | \$102,644 | \$102,644 | \$102,644 | \$1,141,521 |
| Labor | \$18,723 | \$18,723 | \$18,723 | \$18,723 | \$18,723 | \$18,723 | \$18,723 | \$18,723 | \$18,723 | \$18,723 | \$18,723 | \$18,723 | \$224,680 |
| Utilities / NNN | \$783 | \$783 | \$783 | \$783 | \$783 | \$783 | \$783 | \$783 | \$783 | \$783 | \$783 | \$783 | \$9,401 |
| Insurance | \$2,880 | \$2,880 | \$2,880 | \$2,880 | \$2,880 | \$2,880 | \$2,880 | \$2,880 | \$2,880 | \$2,880 | \$2,880 | \$2,880 | \$34,554 |
| Excise Tax | \$37,926 | \$39,922 | \$41,919 | \$44,014 | \$46,215 | \$48,526 | \$50,952 | \$53,500 | \$53,233 | \$53,233 | \$53,233 | \$53,233 | \$575,907 |
| Sales Tax | \$11,681 | \$12,296 | \$12,911 | \$13,556 | \$14,234 | \$14,946 | \$15,693 | \$16,478 | \$16,396 | \$16,396 | \$16,396 | \$16,396 | \$177,379 |
| B&O Tax | \$715 | \$752 | \$790 | \$829 | \$871 | \$914 | \$960 | \$1,008 | \$1,003 | \$1,003 | \$1,003 | \$1,003 | \$10,850 |
| Property Tax | | | | | | | | | | | | | \$0 |
| Legal Fees | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$3,000 |
| Marketing / Advertising | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$3,000 |
| Management Fees | \$375 | \$375 | \$375 | \$375 | \$375 | \$375 | \$375 | \$375 | \$375 | \$375 | \$375 | \$375 | \$4,500 |
| Janitorial | \$150 | \$150 | \$150 | \$150 | \$150 | \$150 | \$150 | \$150 | \$150 | \$150 | \$150 | \$150 | \$1,800 |
| Property Maintenance | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$600 |
| Maintenance Reserve | \$100 | \$1,400 | \$1,400 | \$1,400 | \$1,400 | \$1,400 | \$1,400 | \$1,400 | \$1,400 | \$1,400 | \$1,400 | \$1,400 | \$16,800 |
| Lease | \$1,400 | \$1,400 | \$1,400 | \$1,400 | \$1,400 | \$1,400 | \$1,400 | \$1,400 | \$1,400 | \$1,400 | \$1,400 | \$1,400 | \$16,800 |
| Remodel Loan Payments | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$14,990 |
| Subtotal Direct Expenses | \$153,511 | \$160,009 | \$166,699 | \$173,723 | \$181,099 | \$188,843 | \$196,975 | \$199,840 | \$199,486 | \$199,486 | \$199,486 | \$201,026 | \$2,220,183 |
| Subtotal Profit/(Loss) | (\$1,806) | (\$319) | \$976 | \$2,335 | \$3,762 | \$5,261 | \$6,834 | \$14,159 | \$13,446 | \$13,446 | \$13,446 | \$11,906 | \$83,444 |
| Profit Margin | N/A | N/A | 0.6% | 1.3% | 2.0% | 2.7% | 3.4% | 6.6% | 6.3% | 6.3% | 6.3% | 5.6% | 3.6% |
| Mission Expenses | | | | | | | | | | | | | |
| Public Health and Safety | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$33,000 |
| Surplus / (Deficit) | (\$2,306) | (\$819) | \$476 | \$1,835 | \$3,262 | \$4,761 | \$1,834 | \$9,159 | \$8,446 | \$8,446 | \$8,446 | \$6,906 | \$50,444 |
| Cumulative Cash Flow | (\$118,298) | (\$119,117) | (\$118,641) | (\$116,807) | (\$113,545) | (\$108,784) | (\$106,949) | (\$97,790) | (\$89,345) | (\$80,899) | (\$72,453) | (\$65,547) | N/A |

2016

| | 1156 | 1156 | 1156 | 1156 | 1156 | 1156 | 1156 | 1156 | 1156 | 1156 | 1156 | 1156 | 1156 | 1156 | 1156 | 1156 | 1156 | 1156 | 1156 | 1156 | 1156 | 1156 | 1156 | 13876 |
|------------------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|------|------|------|------|------|------|------|------|------|------|-------|
| | 1156 | February | March | April | May | June | July | August | September | October | November | December | TOTAL | | | | | | | | | | | |
| Customer Base | | | | | | | | | | | | | | | | | | | | | | | | |
| Revenues | | | | | | | | | | | | | | | | | | | | | | | | |
| Std. Flower - Low End | \$73 | \$73 | \$73 | \$73 | \$73 | \$73 | \$73 | \$73 | \$73 | \$73 | \$73 | \$73 | \$73 | | | | | | | | | | | |
| Std. Flower - High End | \$33 | \$33 | \$33 | \$33 | \$33 | \$33 | \$33 | \$33 | \$33 | \$33 | \$33 | \$33 | \$33 | | | | | | | | | | | |
| Prest. Flower - Low | \$22 | \$22 | \$22 | \$22 | \$22 | \$22 | \$22 | \$22 | \$22 | \$22 | \$22 | \$22 | \$22 | | | | | | | | | | | |
| Prest. Flower - High | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 | | | | | | | | | | | |
| Std. Oil - Low End | \$29 | \$29 | \$29 | \$29 | \$29 | \$29 | \$29 | \$29 | \$29 | \$29 | \$29 | \$29 | \$29 | | | | | | | | | | | |
| Std. Oil - High End | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | | | | | | | | | | | |
| Prest. Oil - Low | \$8 | \$8 | \$8 | \$8 | \$8 | \$8 | \$8 | \$8 | \$8 | \$8 | \$8 | \$8 | \$8 | | | | | | | | | | | |
| Prest. Oil - High | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | | | | | | | | | | | |
| Subtotal Revenue | \$221,529 | \$221,529 | \$221,529 | \$221,529 | \$221,529 | \$221,529 | \$221,529 | \$221,529 | \$221,529 | \$221,529 | \$221,529 | \$221,529 | \$2,658,348 | | | | | | | | | | | |
| Operating Expenses | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of Goods Sold | | | | | | | | | | | | | | | | | | | | | | | | |
| Std. Flower - Low End | \$39 | \$39 | \$39 | \$39 | \$39 | \$39 | \$39 | \$39 | \$39 | \$39 | \$39 | \$39 | \$39 | | | | | | | | | | | |
| Std. Flower - High End | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | | | | | | | | | | | |
| Prest. Flower - Low | \$12 | \$12 | \$12 | \$12 | \$12 | \$12 | \$12 | \$12 | \$12 | \$12 | \$12 | \$12 | \$12 | | | | | | | | | | | |
| Prest. Flower - High | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | | | | | | | | | | | |
| Std. Oil - Low End | \$15 | \$15 | \$15 | \$15 | \$15 | \$15 | \$15 | \$15 | \$15 | \$15 | \$15 | \$15 | \$15 | | | | | | | | | | | |
| Std. Oil - High End | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 | | | | | | | | | | | |
| Prest. Oil - Low | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | | | | | | | | | | | |
| Prest. Oil - High | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | | | | | | | | | | | |
| Subtotal Cost of Goods Sold | \$106,788 | \$106,788 | \$106,788 | \$106,788 | \$106,788 | \$106,788 | \$106,788 | \$106,788 | \$106,788 | \$106,788 | \$106,788 | \$106,788 | \$1,283,062 | | | | | | | | | | | |
| Labor | \$19,191 | \$19,191 | \$19,191 | \$19,191 | \$19,191 | \$19,191 | \$19,191 | \$19,191 | \$19,191 | \$19,191 | \$19,191 | \$19,191 | \$230,297 | | | | | | | | | | | |
| Utilities / NNN | \$803 | \$803 | \$803 | \$803 | \$803 | \$803 | \$803 | \$803 | \$803 | \$803 | \$803 | \$803 | \$9,636 | | | | | | | | | | | |
| Insurance | \$3,406 | \$3,406 | \$3,406 | \$3,406 | \$3,406 | \$3,406 | \$3,406 | \$3,406 | \$3,406 | \$3,406 | \$3,406 | \$3,406 | \$40,872 | | | | | | | | | | | |
| Excise Tax | \$55,382.25 | \$55,382 | \$55,382 | \$55,382 | \$55,382 | \$55,382 | \$55,382 | \$55,382 | \$55,382 | \$55,382 | \$55,382 | \$55,382 | \$664,587 | | | | | | | | | | | |
| Sales Tax | \$17,058 | \$17,058 | \$17,058 | \$17,058 | \$17,058 | \$17,058 | \$17,058 | \$17,058 | \$17,058 | \$17,058 | \$17,058 | \$17,058 | \$204,693 | | | | | | | | | | | |
| B&O Tax | \$1,043 | \$1,043 | \$1,043 | \$1,043 | \$1,043 | \$1,043 | \$1,043 | \$1,043 | \$1,043 | \$1,043 | \$1,043 | \$1,043 | \$12,521 | | | | | | | | | | | |
| Property Tax | | | | | | | | | | | | | \$0 | | | | | | | | | | | |
| Legal Fees | \$103 | \$103 | \$103 | \$103 | \$103 | \$103 | \$103 | \$103 | \$103 | \$103 | \$103 | \$103 | \$1,230 | | | | | | | | | | | |
| Marketing / Advertising | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$3,000 | | | | | | | | | | | |
| Management Fees | \$103 | \$103 | \$103 | \$103 | \$103 | \$103 | \$103 | \$103 | \$103 | \$103 | \$103 | \$103 | \$1,230 | | | | | | | | | | | |
| Janitorial | \$154 | \$154 | \$154 | \$154 | \$154 | \$154 | \$154 | \$154 | \$154 | \$154 | \$154 | \$154 | \$1,845 | | | | | | | | | | | |
| Property Maintenance | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$600 | | | | | | | | | | | |
| Maintenance Reserve | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$1,200 | | | | | | | | | | | |
| Lease | \$1,435 | \$1,435 | \$1,435 | \$1,435 | \$1,435 | \$1,435 | \$1,435 | \$1,435 | \$1,435 | \$1,435 | \$1,435 | \$1,435 | \$17,220 | | | | | | | | | | | |
| Remodel Loan Payments | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$14,990 | | | | | | | | | | | |
| Subtotal Direct Expenses | \$207,115 | \$207,115 | \$207,115 | \$207,115 | \$207,115 | \$207,115 | \$207,115 | \$207,115 | \$207,115 | \$207,115 | \$207,115 | \$207,115 | \$2,486,984 | | | | | | | | | | | |
| Subtotal Profit/(Loss) | \$14,414 | \$14,414 | \$14,414 | \$14,414 | \$14,414 | \$14,414 | \$14,414 | \$14,414 | \$14,414 | \$14,414 | \$14,414 | \$14,414 | \$171,365 | | | | | | | | | | | |
| Profit Margin | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.4% | | | | | | | | | | | |
| Mission Expenses | | | | | | | | | | | | | | | | | | | | | | | | |
| Public Health and Safety | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$120,000 | | | | | | | | | | | |
| Surplus / (Deficit) | \$4,414 | \$4,414 | \$4,414 | \$4,414 | \$4,414 | \$4,414 | \$4,414 | \$4,414 | \$4,414 | \$4,414 | \$4,414 | \$4,414 | \$51,365 | | | | | | | | | | | |
| Cumulative Cash Flow | (\$61,134) | (\$56,720) | (\$52,306) | (\$47,892) | (\$43,478) | (\$39,064) | (\$34,650) | (\$30,237) | (\$25,823) | (\$21,409) | (\$16,995) | (\$14,183) | N/A | | | | | | | | | | | |

2017

| | 1174 | 1174 | 1174 | 1174 | 1174 | 1174 | 1174 | 1174 | 1174 | 1174 | 1174 | 1174 | 1174 | 1174 | 1174 | 14084 |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| | 1174 | 1174 | 1174 | 1174 | 1174 | 1174 | 1174 | 1174 | 1174 | 1174 | 1174 | 1174 | 1174 | 1174 | 1174 | 14084 |
| Customer Base | | | | | | | | | | | | | | | | |
| Revenues | January | February | March | April | May | June | July | August | September | October | November | December | TOTAL | | | |
| Std. Flower - Low End | \$75 | \$75 | \$75 | \$75 | \$75 | \$75 | \$75 | \$75 | \$75 | \$75 | \$75 | \$75 | \$75 | \$75 | \$75 | \$75 |
| Std. Flower - High End | \$34 | \$34 | \$34 | \$34 | \$34 | \$34 | \$34 | \$34 | \$34 | \$34 | \$34 | \$34 | \$34 | \$34 | \$34 | \$34 |
| Prest. Flower - Low | \$22 | \$22 | \$22 | \$22 | \$22 | \$22 | \$22 | \$22 | \$22 | \$22 | \$22 | \$22 | \$22 | \$22 | \$22 | \$22 |
| Prest. Flower - High | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 |
| Std. Oil - Low End | \$30 | \$30 | \$30 | \$30 | \$30 | \$30 | \$30 | \$30 | \$30 | \$30 | \$30 | \$30 | \$30 | \$30 | \$30 | \$30 |
| Std. Oil - High End | \$14 | \$14 | \$14 | \$14 | \$14 | \$14 | \$14 | \$14 | \$14 | \$14 | \$14 | \$14 | \$14 | \$14 | \$14 | \$14 |
| Prest. Oil - Low | \$8 | \$8 | \$8 | \$8 | \$8 | \$8 | \$8 | \$8 | \$8 | \$8 | \$8 | \$8 | \$8 | \$8 | \$8 | \$8 |
| Prest. Oil - High | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 |
| Subtotal Revenue | \$230,473 | \$230,473 | \$230,473 | \$230,473 | \$230,473 | \$230,473 | \$230,473 | \$230,473 | \$230,473 | \$230,473 | \$230,473 | \$230,473 | \$230,473 | \$230,473 | \$230,473 | \$2,765,679 |
| Operating Expenses | | | | | | | | | | | | | | | | |
| Cost of Goods Sold | | | | | | | | | | | | | | | | |
| Std. Flower - Low End | \$40 | \$40 | \$40 | \$40 | \$40 | \$40 | \$40 | \$40 | \$40 | \$40 | \$40 | \$40 | \$40 | \$40 | \$40 | \$40 |
| Std. Flower - High End | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 | \$13 |
| Prest. Flower - Low | \$12 | \$12 | \$12 | \$12 | \$12 | \$12 | \$12 | \$12 | \$12 | \$12 | \$12 | \$12 | \$12 | \$12 | \$12 | \$12 |
| Prest. Flower - High | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 |
| Std. Oil - Low End | \$15 | \$15 | \$15 | \$15 | \$15 | \$15 | \$15 | \$15 | \$15 | \$15 | \$15 | \$15 | \$15 | \$15 | \$15 | \$15 |
| Std. Oil - High End | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| Prest. Oil - Low | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 |
| Prest. Oil - High | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 |
| Subtotal Cost of Goods Sold | \$111,100 | \$111,100 | \$111,100 | \$111,100 | \$111,100 | \$111,100 | \$111,100 | \$111,100 | \$111,100 | \$111,100 | \$111,100 | \$111,100 | \$111,100 | \$111,100 | \$111,100 | \$1,334,866 |
| Labor | \$19,671 | \$19,671 | \$19,671 | \$19,671 | \$19,671 | \$19,671 | \$19,671 | \$19,671 | \$19,671 | \$19,671 | \$19,671 | \$19,671 | \$19,671 | \$19,671 | \$19,671 | \$236,054 |
| Utilities / NNN | \$823 | \$823 | \$823 | \$823 | \$823 | \$823 | \$823 | \$823 | \$823 | \$823 | \$823 | \$823 | \$823 | \$823 | \$823 | \$9,877 |
| Insurance | \$3,491 | \$3,491 | \$3,491 | \$3,491 | \$3,491 | \$3,491 | \$3,491 | \$3,491 | \$3,491 | \$3,491 | \$3,491 | \$3,491 | \$3,491 | \$3,491 | \$3,491 | \$41,894 |
| Excise Tax | \$57,618 | \$57,618 | \$57,618 | \$57,618 | \$57,618 | \$57,618 | \$57,618 | \$57,618 | \$57,618 | \$57,618 | \$57,618 | \$57,618 | \$57,618 | \$57,618 | \$57,618 | \$691,420 |
| Sales Tax | \$17,746 | \$17,746 | \$17,746 | \$17,746 | \$17,746 | \$17,746 | \$17,746 | \$17,746 | \$17,746 | \$17,746 | \$17,746 | \$17,746 | \$17,746 | \$17,746 | \$17,746 | \$212,957 |
| B&O Tax | \$1,086 | \$1,086 | \$1,086 | \$1,086 | \$1,086 | \$1,086 | \$1,086 | \$1,086 | \$1,086 | \$1,086 | \$1,086 | \$1,086 | \$1,086 | \$1,086 | \$1,086 | \$13,026 |
| Property Tax | | | | | | | | | | | | | | | | \$0 |
| Legal Fees | \$105 | \$105 | \$105 | \$105 | \$105 | \$105 | \$105 | \$105 | \$105 | \$105 | \$105 | \$105 | \$105 | \$105 | \$105 | \$1,261 |
| Marketing / Advertising | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$3,000 |
| Management Fees | \$105 | \$105 | \$105 | \$105 | \$105 | \$105 | \$105 | \$105 | \$105 | \$105 | \$105 | \$105 | \$105 | \$105 | \$105 | \$1,261 |
| Janitorial | \$158 | \$158 | \$158 | \$158 | \$158 | \$158 | \$158 | \$158 | \$158 | \$158 | \$158 | \$158 | \$158 | \$158 | \$158 | \$1,891 |
| Property Maintenance | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$600 |
| Maintenance Reserve | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$1,200 |
| Lease | \$1,471 | \$1,471 | \$1,471 | \$1,471 | \$1,471 | \$1,471 | \$1,471 | \$1,471 | \$1,471 | \$1,471 | \$1,471 | \$1,471 | \$1,471 | \$1,471 | \$1,471 | \$17,651 |
| Remodel Loan Payments | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$1,249 | \$14,990 |
| Subtotal Direct Expenses | \$215,023 | \$215,023 | \$215,023 | \$215,023 | \$215,023 | \$215,023 | \$215,023 | \$215,023 | \$215,023 | \$215,023 | \$215,023 | \$215,023 | \$215,023 | \$215,023 | \$215,023 | \$2,581,948 |
| Subtotal Profit/(Loss) | \$15,450 | \$15,450 | \$15,450 | \$15,450 | \$15,450 | \$15,450 | \$15,450 | \$15,450 | \$15,450 | \$15,450 | \$15,450 | \$15,450 | \$15,450 | \$15,450 | \$15,450 | \$183,731 |
| Profit Margin | 6.7% | 6.7% | 6.7% | 6.7% | 6.7% | 6.7% | 6.7% | 6.7% | 6.7% | 6.7% | 6.7% | 6.7% | 6.7% | 6.7% | 6.7% | 6.6% |
| Mission Expenses | | | | | | | | | | | | | | | | |
| Public Health and Safety | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$128,000 |
| Surplus / (Deficit) | \$5,450 | \$5,450 | \$5,450 | \$5,450 | \$5,450 | \$5,450 | \$5,450 | \$5,450 | \$5,450 | \$5,450 | \$5,450 | \$5,450 | \$5,450 | \$5,450 | \$5,450 | \$55,731 |
| Cumulative Cash Flow | (\$8,733) | (\$3,283) | \$2,166 | \$7,616 | \$13,066 | \$18,516 | \$23,965 | \$29,415 | \$32,865 | \$36,315 | \$39,764 | \$41,548 | \$41,548 | \$41,548 | \$41,548 | N/A |

Insurance

Per WAC 314-55-082, the Authority will maintain Commercial General Liability coverage and (if not included in general liability coverage) commercial umbrella coverage for bodily injury and property damage. Such coverage will be at least \$1,000,000. The Liquor Control Board and the City of North Bonneville will both be named as additional insured. The insurance agency must be license by Washington State and hold a rating of A- class VII or better.

The Authority will additionally provide Directors and Officers insurance with at least \$500,000 coverage per person, and will pay for employee bonding of at least \$100,000.

Operations Plans

Waste destruction plan

So long as it is stored in a darkened, sealed environment, the shelf-life of marijuana is far longer than it is likely to remain in stock. Edible products will have a much shorter life and must be disposed of in a manner that renders them unusable.

The facility will maintain both an incinerator and a composter. Incineration will be the preferred disposal method for products (particularly leaf) that are easily incinerated. A tumbler-type composter will be used for remaining products.

Both disposal methods will comply with WAC 314.55.097.

Washington Administrative Codes (WACs) 314-55-097 Affects Waste Destruction.

Security plan

Staff will use a drop safe to ensure the cash register does not exceed \$1,000. Drops will be made at least on an hourly basis. Opening the safe will require two persons.

Each staff member on duty will carry a panic alarm.

The facility will have two entry ways, one for the public, and one for delivery. The delivery door will remain locked at all times except while the delivery truck is on premises.

Security cameras will monitor all areas of the store except the bathroom. They will also monitor all boundaries of the property, as well as the outside of the two entryways.

Record keeping plan

<Discussion on record retention schedule, location, etc>

WAC 314-55-087 requires:

- Records that clearly reflect all financial transactions and the financial condition of the PDA
- All records must be kept for three years on the licensed premises

Suppliers / Testing

All suppliers will be required to meet WAC 314-55-099 and WAC 314.55.102 for the testing of their product. Additionally, the PDA will seek suppliers that are certified under, or can otherwise prove compliance with, SO/IEC 17025:2005 requirements. Possible acceptable labs include: Canasafe Analytics, NMS Labs and Steep Hill Halent Labs.

The PDA will only do business with producer/processor entities, as a necessary measure to control costs. Additionally, the PDA will require all suppliers to be in compliance with WACs regarding shipping.

Ideally, the PDA will develop vendor relationships with local companies. That said, it will be more important to find vendors who can:

- Respond quickly to changing supply needs
- Provide start-up credit or enter into a financing relationship
- Provide market information on trends
- Keep abreast of changing market desires
- Provide waste destruction services???
- Provide a wide range of products

The PDA will work to a close relationship with vendors to maximize quality and minimize price. Preference will be given to other governmental agencies entering into cannabis production or processing businesses.

Washington Administrative Codes (WACs) Affecting Testing.

314-55-099 provides for standardized scales

314-55-102 requires certain quality assurance tests

Inventory

<discussion on inventory practices – receipt, delivery, storage>