COLONY ENTERPRISE AUTHORITY
COMPLIANCE DEPARTMENT

1937 Prosperity St. Reno, NV 89502
Phone: 775-420-6010

Email: compliance@colonyenterpriseauthority.org

Instructions for Quarterly Physical Inventory Count

In accordance with these instructions, each Marijuana Establishment shall conduct quarterly physical inventory counts to be reconciled to the Marijuana Establishment's perpetual inventory records. Those counts, including the investigation and reporting of any significant variances, shall be conducted and reported as set forth herein.

A. SIGNIFICANT VARIANCES

Significant variances (meaning a five or more-unit variance) must be investigated and documented by management and immediately reported (via email) to the Colony Enterprise Authority Compliance Department (the "Compliance Department"). Approval must be given by the Compliance Department prior to any adjustments being made in the inventory records for significant variances. Variances of less than five units may be adjusted without prior approval by the Compliance Department; however, such adjustment shall be documented and retained in the inventory records of the Marijuana Establishment.

B. INVESTIGATION AND REPORTING OF SIGNIFICANT VARIANCES

When an investigation of a significant variance is required, the documentation must include, at minimum, the following information for each product:

1. Initial product amount received in Metrc as stated on the shipment manifest,
2. Amount currently stated in the Marijuana Establishment's inventory control system,
3. Verified physical count on hand,
4. Total units sold as stated in the point-of-sale system,
5. Any history of prior manual adjustments,
6. A statement of any prior variances on this product and a description of all such variances,

7. If applicable, a statement of the basis for suspecting that theft may have occurred and whether the suspected theft has been reported to the Tribal Police Department,

8. A statement of the conclusions of the investigation identifying the reason(s) for the variance, and

9. For each investigation, a plan of corrective action to prevent future variances.

The investigation report must be approved and signed by the General Manager or Chief Executive Officer of the Marijuana Establishment.

C. QUARTERLY INVENTORY REPORT SUBMITTAL REQUIREMENTS

The documents listed below must be submitted to the Compliance Department not less than fifteen (15) days after the end of each calendar quarter. All documents must be submitted electronically to compliance@colonyenterpriseauthority.org. Separate reports and submissions must be completed for each licensed Marijuana Establishment.

1. An inventory report generated from the Marijuana Establishment's inventory control system. The report must indicate the date and time the report was pulled, the category of each item, the total units for each item, and the batch/lot/run number for each item. The report must include the entirety of the inventory (including active, quarantined, damaged and other categories of product). The report must be submitted as an excel document.
2. A completed Quarterly Inventory Report Form (Form #CEA-MISC-O2). This may be submitted as an excel document. Electronic initials are acceptable.
3. A copy of any report documenting the investigation of significant variances, with the information required in Section B, above.

The Quarterly Inventory Report form must be completed and submitted not more than two weeks from the date on which the report from the Marijuana Establishment's inventory control system was generated.

END