



GUIDANCE ON DEMONSTRATING ADEQUATE

Adequate capitalization is a requirement of the supplemental license application process for conditional cannabis licensees. It means demonstrating that the applicant has access to sufficient financial resources to develop and operate the licensed business.

Capital must be attributable to the applicant entity or to an owner or investor of the applicant entity. Documentation submitted should show that the funds or assets are real, verifiable, and available for use in establishing and operating the business.

Examples of documentation that may be used to demonstrate adequate capitalization include financial statements, bank statements, credit history, lines of credit, promissory notes, equity in real estate, stocks or other investment holdings, and other verifiable financial resources. Durable equipment that will be used in the operation of the licensed business may also be considered where fair market value can be demonstrated.

For purposes of evaluating supplemental applications, the Administration has identified baseline capital levels associated with each license type:

- Micro Dispensary – \$25,000
- Standard Dispensary – \$125,000
- Micro Grower – \$100,000
- Standard Grower – \$500,000
- Micro Processor – \$35,000
- Standard Processor – \$175,000

These amounts represent the level of capital the Administration expects a conditional licensee to demonstrate access to in order to proceed toward operational licensure. The Administration may request additional financial information as part of the review.

Licensees may demonstrate capitalization through a combination of sources, provided the documentation clearly shows the applicant's access to the funds or assets.