

Louisiana Medical Marijuana Program



Commissioner Mike Strain, DVM

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Letter from the Director

The Louisiana Department of Agriculture and Forestry (LDAF) is the regulatory agency for the Medical Marijuana Program in the state of Louisiana. The department is pleased to submit its 2020 annual comprehensive report to the legislature in accordance with LRS 40:1046 (H) (6) and LRS 40:1047.

During the 2020 Louisiana legislative regular session, these debilitating medical conditions were added: “(1) Alzheimer’s disease, (2) Amyotrophic lateral sclerosis, (3) Huntington’s disease, (4) Lewy body dementia, (5) Motor neuron disease, (6) Spinal muscular atrophy, (7) Chronic pain associated with fibromyalgia, (8) Chronic pain associated with sickle cell disease, (9) Any condition for which a patient is receiving hospice care or palliative care and (10) Any condition not otherwise specified in law that a physician, in his medical opinion considers debilitating to an individual patient through his medical education and training to treat.” In addition, the session amended the definition of “recommend” as the opinion of any physician licensed by and in good standing with the Louisiana Board of Medical Examiners, provided there is a doctor-patient relationship. These changes expanded the scope of the program to include additional potential patients who seek therapeutic benefits of medical marijuana.

Since the beginning of the medical marijuana program, the LDAF has collaborated with other state regulatory agencies across the United States and Canada by sharing institutional knowledge and regulatory practices. That has now formally developed into a non-partisan organization called the Cannabis Regulators Association (CANNRA). This organization is restricted to cannabis regulators to develop standards, best practices, and policies across the industry. CANNRA encourages consistency throughout the medical marijuana industry along with guidance to state and federal elected officials. The department is honored to be a founding member and welcomes the expertise of other state agencies as we regulate products for citizens.

The licensees, Louisiana State University Agricultural Center and Southern University Agricultural Center, submitted annual reports to the LDAF listing their production costs and pertinent information related to the requirements outlined in LRS 40:1046 (H)(6) for the year 2020. The LDAF does not include proprietary or confidential information in the report. Please refer to Exhibit A for Louisiana State University Agricultural Center’s annual report and Exhibit B for Southern University Agricultural Center’s annual report. The LDAF has included supplemental audit reports based on the findings from the 2019 annual reports submitted by both licensees. The LDAF has not verified any data in the 2020 annual reports from the licensees as of the date of posting. If there are any discrepancies within the report, a supplemental report will be submitted in the 2021 Annual Report.

Medical marijuana establishments were deemed essential businesses during the COVID-19 pandemic and were permitted to remain open. The LDAF requires the production facilities to use personal protective equipment as normal business practices. This allowed the department to continue performing inspections and laboratory test sampling. LDAF Commissioner, Mike Strain, D.V.M., would like to recognize the dedication of its medical marijuana team and the licensees during this time.

Tabitha Irvin, Esq.

Executive Counsel and Medical Marijuana Director

Louisiana Department of Agriculture and Forestry

The Louisiana Department of Agriculture and Forestry (LDAF) was created in accordance with the provisions of Article IV, Section 10 of the Constitution of Louisiana. The Commissioner of Agriculture and Forestry heads the department and exercises all functions of the state relating to the promotion, protection, and advancement of agriculture and forestry, except research and educational functions expressly allocated by the constitution or by law to other state agencies.

Mission Statement

The LDAF's mission is to promote, protect and advance agriculture and forestry, and soil and water resources. Our vision is to be a unified and coordinated team that effectively responds to the challenges facing the agricultural and forestry industries, and which pursues each and every opportunity that might provide a benefit to the state and its citizens.

Our Values

Public First

Each employee has the high honor and distinct privilege of serving the citizens of our state. With fairness and honesty at the forefront, we will be responsive, proactive and flexible in our dealings with others.

Pursuit of Excellence

We are committed to getting the job done right the first time in an effective and efficient manner as possible and in accordance with our overall mission. We will aspire at all times to do our jobs better in every dimension.

Positive Response to Change

Recognizing that our workplace, the markets and technology are evolving, we acknowledge that change is inevitable. We will meet the developing demands and expectations of the public with creative thinking, innovation and more efficient processes.

Respect for Individual

We will create a respectful and meaningful workplace, characterized by honest, direct and relevant communication. Working together as a team, we will honor diversity, individuality, and personal and professional differences.

Community Mindedness

We realize that our work impacts the community in which we reside and, many times, beyond such. Both as individuals and team members, we will strive to make our communities better places to live, work and learn.

Departmental Office Missions

The following departmental offices, as described by mission statements, are responsible for carrying out the functions of the department and may have a role with existing, expanding or new industry:

- The mission of the Office of Agricultural and Environmental Sciences is to ensure animal feeds, pet foods, fertilizers, agricultural liming materials and pesticides meet all requirements of law; to monitor, prevent, control and eradicate plant pests and diseases that threaten Louisiana's agriculture, environment and economy; to facilitate agricultural exports through certification of products; to oversee the qualifications and practices of persons engaged in the green industry; to protect human health and the environment by ensuring the proper labeling, distribution, storage, use, application and disposal of pesticides, and through enforcement of all pesticide laws; to ensure that seed sold for planting meets label guarantees and quality standards; and to ensure a safe, abundant supply of food and fiber.
- The mission of the Office of Agro-Consumer Services is to perform functions relating to the regulation of weights and measures, the licensing of weighmasters, scale companies and technicians; the licensing and inspection of bonded farm warehouses and milk processing plants, and the licensing of grain dealers, warehouses and cotton buyers.
- The mission of the Office of Animal Health Services is to protect the public supply of meat and meat products and fish and fish products, to control and eradicate infectious diseases of animals and poultry, and to control livestock theft and nuisance animals.
- The mission of the Office of Forestry is to protect, conserve and replenish the forest natural resources of the state.
- The mission of the Office of Marketing and Agro-Economic Development is to promote the development and growth of markets for Louisiana agricultural and forestry products and to develop the channels of distribution through which these products are sold.
- The mission of the Office of Soil and Water is to assist in the organization and administration of the Soil and Water Conservation Districts in protecting the land, water and related resources of the state. It is also responsible for implementing the agriculture nonpoint source pollution component of Section 319 and Section 404 (wetlands protection) of the Federal Clean Water Act, as well as other federal and state mandated soil and water resources management programs.
- The mission of the Office of Management and Finance is to provide support services for the other offices of the department. These services provided include: fiscal, legal, procurement, property control, human resources, fleet and facility management, auditing, information technology, print shop and mail room, document imaging and district office clerical support.

About the Medical Marijuana Program

Act 261, R.S.40:1046 was enacted in 2015 by legislation establishing the Medical Marijuana Program. The responsibility for the program was divided between three state agencies: Louisiana Board of Medical Examiners, Louisiana Board of Pharmacy, and Louisiana Department of Agriculture and Forestry (LDAF). In 2016, the statute was amended and supplemented by Act 96, which clarifies prescribing vs. recommending medical marijuana to patients and added qualifying medical conditions. R.S. 40:1047 was also established in 2016. In 2018, the qualifying medical conditions were expanded by Act 708 and Act 496. In 2019, Act 207 authorized the Board of Medical Examiners to create and maintain an electronic system for the collection and analysis of clinical information associated with the use of medical marijuana by patients; Act 284, allowed for medical marijuana to be administered by metered-dose inhaler; Act 331 changed how the seven percent of the gross sales of therapeutic marijuana is collected by the Department of Revenue for deposit into the Community and Family Support System Fund with an amount to be allocated to the department, pursuant to legislative appropriation, for regulatory, administrative, investigative, enforcement, legal, and other such expenses to carry out the program.

The act authorized the LDAF to develop rules and regulations regarding the extraction, processing, and production of recommended therapeutic marijuana and the facility producing therapeutic marijuana. The department's mission is to ensure that patients with debilitating medical conditions are receiving a safe product. The debilitating medical conditions as defined in LRS 40:1046 are cancer, positive status for human immunodeficiency virus acquired immune deficiency syndrome, cachexia or wasting syndrome, seizure disorders, epilepsy, spasticity, Crohn's disease, muscular dystrophy, or multiple sclerosis, glaucoma, Parkinson's disease, severe muscle spasms, intractable pain, post-traumatic disorder, symptoms associated with autism spectrum disorder, traumatic brain injury, concussion, chronic pain associated with fibromyalgia and sickle cell disease, hospice care or palliative care, or any condition a physician considers debilitating.

Since the start of the pandemic, the Medical Marijuana Program has never ceased functioning to its fullest extent in servicing the citizens of Louisiana with a safe product. The pandemic may have impacted all levels of humanity locally and globally, but the LDAF staff, licensees (LSU and SU), and their subcontractors continued to work diligently adapting and incorporating state and federal health guidelines in daily processes to ensure there was no disruption in product supply. In addition, the Medical Marijuana Program shifted to a virtual platform for hosting meetings to provide insight and transparency within the Medical Marijuana Program. During the 2020 calendar year, the department hosted one stakeholder meeting to detail timelines, events, and public notices. Present at the stakeholder meeting were the two agricultural university centers and their subcontractors, Louisiana Department of Agriculture and Forestry, Louisiana Board of Pharmacy, Louisiana Board of Medical Examiners, other state agencies, etc. Now that both licensees are operating at full production, the stakeholder meetings will no longer take place.

Program Goals

The goals of the program are: 1) to ensure thorough inspections are conducted, random sampling and lab testing confirm the product is safe from heavy metals, pesticides, microbiological contaminants and residual solvents; 2) to oversee the licensees compliance; 3) to ensure licensing and the production process of medical marijuana maintain the primary focus for the safety of the citizens of Louisiana.

About our LDAF State Laboratory

The Division of Agricultural Chemistry, within the LDAF, administers the feed, fertilizer and agricultural lime regulatory programs for the state of Louisiana. The Agricultural Chemistry Laboratory (Ag Chemistry Lab) performs analytical testing on animal feeds, pet foods, plant food and agriculture liming materials for the LDAF. Analyses are performed on plant and animal tissues, soil, water, feed, fertilizers, pesticides agricultural chemicals, agricultural commodities, and marijuana.

As the official regulatory laboratory for the LDAF, the Ag Chemistry Lab plays an important role in the Medical Marijuana Program by testing all medical marijuana initial concentrates for pesticides, residual solvents, mycotoxins, and heavy metals. Once the product is manufactured into its final form, the department randomly selects and tests for potency, microbial, and homogeneity. When the production batch passes and is deemed free of contaminants, the product can be distributed to the nine (9) medical marijuana pharmacies.

This report covers the total number of concentrates and product samples tested by the laboratory for the calendar year of 2020. The report also includes the initial medical marijuana concentrates received by the second grower at the beginning of May 2020. The laboratory reported results for a total of 560 individual samples. This represented 3,279 analyses and covered 10,798 analytes. This year final product formulations were expanded from only tinctures to include topicals, edible chews, rosin syringes and metered dose inhalers (MDI). These all required method development for the required final product testing. Methods were successfully developed for all new formulations to determine potency, homogeneity and ensure microbiological standards were maintained in processing and packaging.

There were 81 rosin (concentrate) samples and 479 final product samples. That covered 357 tinctures in 110 lots, 38 topicals in 15 lots, 21 edible chews in 3 lots, 42 rosin syringes in 8 lots, and 21 metered dose inhalers in 4 lots.

As a courtesy and at no cost to the grower/manufacturer, the Ag Chemistry Lab analyzed informational samples from both growers. These tests ranged from new matrix formulations to forms used both to verify growers' processes, assist growers in troubleshooting process issues, and to develop laboratory methods. All were at the expense of the LDAF.

Due to COVID-19, the laboratory experienced delays and constraints, receiving laboratory supplies and labor availability. However, the laboratory continued to report rosin samples within seven to ten days of receipt. The final product samples were reported within four to five calendar days. The time referenced is the minimum time required to perform the microbiological screen for yeast and molds.

Compliance

The LDAF Medical Marijuana Program is responsible for ensuring that both medical marijuana licensees and their subcontractors comply with product safety, department rules and regulations, federal and state guidelines, and quality assurance requirements. Compliance is a major factor in the marijuana industry and it requires the cooperation of the licensees and subcontractors to achieve this goal. Without an effective inventory management system and enforcement authority, it can be challenging to ensure safety to the public and compliance with licensees.

As the official regulatory agency for the growers and manufacturers of medical marijuana, the Louisiana Medical Marijuana Tracking System (hereinafter referred to as “LMMTS”) is a vital tool to the Medical Marijuana Program used to assist in preventing and detecting inversion, diversion, theft, and loss. Metrc, LLC is the state regulatory cannabis track and trace company that is responsible for reporting data in real-time, implementing the technical and operational components of the electronic system, tracking medical marijuana product transactions to the pharmacy, trainings, and evaluating risk assessments that are detrimental to public health. It functions as a primary record for tracking all inventory activities, plant material, waste, plant additives, transportation manifests, laboratory test results, and product from seed to sale. The Medical Marijuana Program relies heavily on the LMMTS due to the limited manpower to effectively and efficiently perform investigations and carry out enforcement activities needed on a daily basis. The system is utilized by the licensees and their subcontractors, medical marijuana pharmacies, testing laboratories, independent laboratories, Louisiana State Police (LSP), Louisiana Board of Pharmacy (LBOP), and the LDAF.

Due to the pandemic, the department had to expand processes and procedures to implement virtual compliance inspections when necessary to minimize the risk for virus transmission and adhere to state and federal guidelines.

In the calendar year of 2020 during the pandemic, the Medical Marijuana Program has continued to operate to full capacity by conducting building, equipment, and routine facility inspections. Reviewed and approved standard operating procedures, inventory audits, financial audits, LMMTS trainings, fingerprinting background checks, suitability investigations, random unannounced compliance inspections, product testing, product labels and packaging, etc. To ensure the medical marijuana licensees and their subcontractors are maintaining compliance, the department issues deficiencies and compliance assistance notices for compliance violations.

The chart below details the inspections and approvals by the department in the calendar year of 2020 for the licensees. It does not include routine compliance inspections.

Inspection Activity / Approvals	Calendar Year of 2020
Building Inspections	6
Equipment Inspections	9
Standard Operating Procedure Approvals	25
Product Labels and Packaging Approvals	50
Building and Equipment Approvals	6



Medical Marijuana Program Snapshot



2020 Employee Permit and License Payment Chart

Permits/Licenses	LSU AgCenter	SU AgCenter	TOTAL
Number of employee permit(s) active:	27	40	67
Payments received from employee permits:	\$2700	\$4000	\$6700
Number of employee permits suspended - termination/resignation:	8	8	16
Number of production license(s) issued:	1	1	2
Payments received from license fee:	\$100,000	\$100,000	\$200,000.00
Number of permits/licenses revoked:	0	0	0

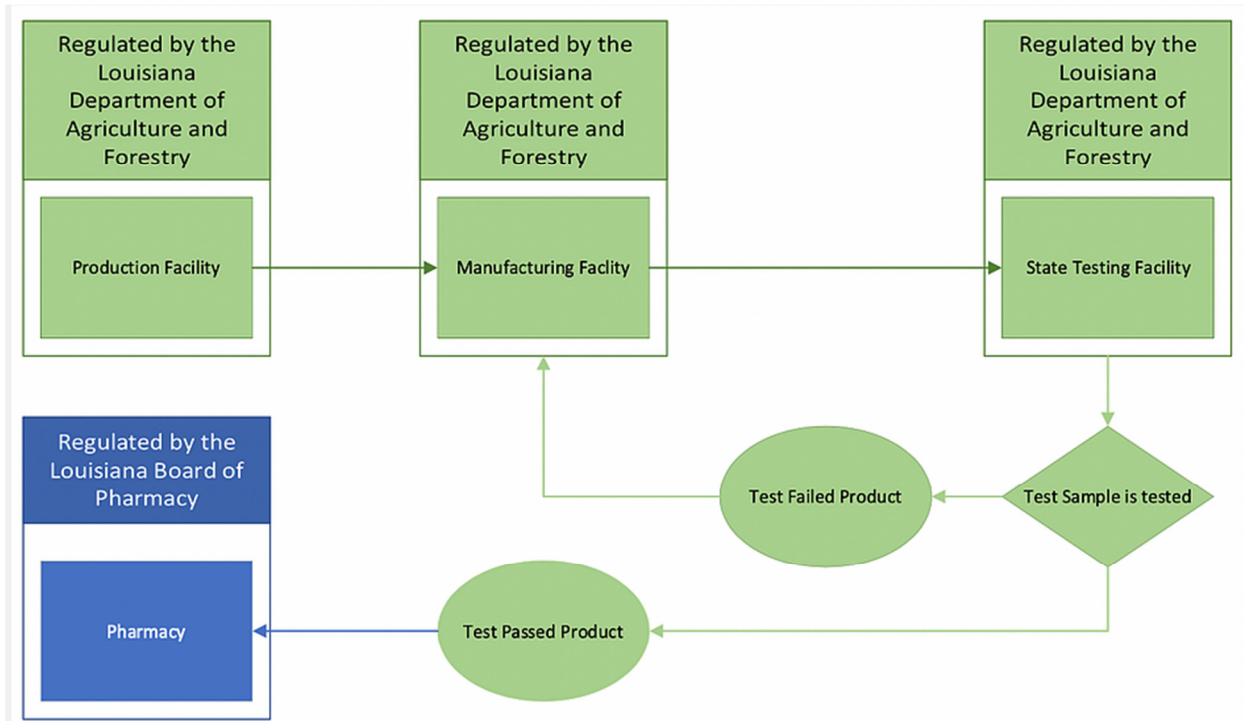
Please note: The data referenced in the chart is pertaining to the payments of employee permits and license fees received by Louisiana Department of Agriculture and Forestry for the Medical Marijuana Program that was collected in the calendar year of 2020. Limited to only LSU AgCenter and SU AgCenter by state law acquire a license to cultivate and manufacture medical marijuana and products.



Medical Marijuana Program Snapshot



Medical Marijuana Program Supply Chain Regulatory Structure



This chart emphasizes the regulatory medical marijuana product supply chain. The Louisiana Department of Agriculture and Forestry regulates the growing of medical marijuana plants. The plants are then extracted, manufactured, and tested. When the final production batch passes all tests and is deemed free of contaminants, the product will be distributed to the nine (9) medical marijuana pharmacies regulated by the Louisiana Board of Pharmacy.



Medical Marijuana Program Snapshot



Medical Marijuana Retail Products Shipped to Pharmacies

(Calendar Year of 2020)

Item Category	LSU-Wellcana	SU-ILERA	Total Retail Products Shipped to the Nine Pharmacies
Tincture	37,625	7,704	45,329
Topical	619	721	1,340
Edible (Gelatin Chews)	1011	0	1011
Metered Dose Inhaler	1,148	0	1,148
Total Retail Products	40,403	8,425	48,828

The data in the table represents the quantity of each (individual) item product received in the medical marijuana pharmacies for retail calendar year (January to December 2020). LDAF does not have authority to require licensees to report revenues from the retail products sold to the pharmacies.

Harvested Marijuana Plants

(Calendar Year of 2020)

Item Category	LSU-Wellcana	SU-ILERA	Total
Harvested Plants	7,553	2,974	10,527

This chart shows the number of marijuana plants harvested by each licensee for the calendar year of 2020.

Louisiana Department of Agriculture & Forestry Medical Marijuana Program



2020 CALENDAR YEAR

Expenditure Budget	
Salaries & Related Benefits	629,660.92
Travel	-
Legal	3,694.36
Operating Expenses	1,221.64
Lab Fee	55,729.12
Acquisitions—Software	120,000.00
Interagency Transfers	502.50
TOTAL EXPENDITURES	808,808.54

The Expenditure Budget for the Medical Marijuana Program for the 2020 calendar year reflects both licensees in full operation. With the budget running in a deficit of **(-601,190.79)** for the calendar year of 2020, the revenues consisted of employee permit fees, background check fees, and license fees totaling up to **\$207,617.75**.



Medical Marijuana Program Staff

225-922-1234

Commissioner Mike G. Strain, DVM

Tabitha Irvin
Executive Counsel and
Director of Medical Marijuana Program

Kelli James
Administrative Program Specialist/Administrator

Marsha Dugas
Agricultural Environmental Specialist/Inspector

Amy Hernandez
Agricultural Environmental Specialist/Laboratory Supervisor

The Medical Marijuana Program is comprised of 2 full-time staff members (Program Specialist and Inspector), 1 part-time staff member (Director of Medical Marijuana Program), and the LDAF State Laboratory Supervisor and staff.

Louisiana Department of Agriculture and Forestry



Licensees Annual Reports

2020



Office of the Vice President for Agriculture

**LSU AGCENTER-WELLCANA
LDAF ANNUAL REPORT TO LEGISLATURE
2020**

Pursuant to Louisiana Revised Statute 40:1046(H)(6), LSU AgCenter and Wellcana provide the following information:

1. The amount of gross marijuana produced by the Licensee during each calendar year:

2020: Wellcana produced approximately 847,968 g (1,870 lbs.). This gross amount represents an increase of approximately 210% in biomass production over calendar year 2019.

2. Details of all production costs including but not limited to seed, fertilizer, labor, advisory services, construction, and irrigation.

2020:

Licenses, Fees, Permits & Taxes:	\$1,502,114
Production, Manufacturing, Equipment & Utility Costs:	\$896,253
Wages, Employee Benefits & Payroll Taxes:	\$786,712
Security Personnel & Monitoring:	\$215,393
Professional Services (Accounting, Legal, Banking):	\$207,167

3. The details of any items or services for which the licensee subcontracted and the costs of each subcontractor directly or indirectly working for the contractor.

2020: LSU AgCenter – Licensee – contracted with Wellcana under an Agreement for Services at no cost to Licensee. Wellcana has not subcontracted for any cultivation, extraction, processing, or production services required under the Agreement for Services.

4. The amount of therapeutic chemicals produced resulting from the marijuana grown pursuant to this Section.

2020: Wellcana produced approximately 117,000 g of therapeutic chemicals that were used to create Tinctures, Transdermal Creams, Concentrate Distillate Syringes, Metered Dose Inhalers, and Gelatin Chews.

5. The amounts paid each year to the Licensee related to the Licensee’s production of therapeutic marijuana pursuant to this Section.

2020: Per the Agreement for Services, Wellcana paid LSU AgCenter – Licensee – \$1,300,000 plus a \$500,000 performance bond.

Wellcana
18350 Petroleum Drive, Baton Rouge, LA 70809
www.welcana.com

6. The amount of therapeutic marijuana distributed to each pharmacy licensed to dispense therapeutic marijuana in this state during each calendar year.

2020: Through wholesale distribution, Wellcana sold approximately 39,560 units of therapeutic marijuana products (Tinctures, Transdermal Creams, Concentrate Distillate Syringes, Metered Dose Inhalers, and Gelatin Chews) to the nine pharmacies licensed by the Louisiana Board of Pharmacy. This wholesale distribution represents an increase of approximately 139% over calendar year 2019.

Wellcana
18350 Petroleum Drive, Baton Rouge, LA 70809
www.wellcana.com



As one of two licensees, the Southern University Agricultural Research and Extension Center operates its medical and therapeutic cannabis program under the authority of Louisiana Revised Statute 40:1046. Advanced Biomedics LLC dba ILERA Holistic Healthcare began work on the growing and processing facility in 2019 and distributed their first approved medical cannabis products to the nine pharmacies licensed by the Louisiana Board of Pharmacy in July of 2020.

ILERA Holistic Healthcare monitors changes in LDAH regulations as well as national best practices and standards to ensure our cannabis extractions, raw materials and all biopharmaceutical products are formulated and produced to meet the most stringent and meticulous pharmaceutical standards. Third-party testing is conducted on the concentrates of all plants for potency, pesticide residues, residual solvents, foreign matter (including heavy metals) and mycotoxins. All final formulations and products are tested for potency, microbials and consistency before they are released for sale to the participating pharmacies to ensure that the patients of Louisiana receive safe, effective, and consistent biopharmaceuticals.

Pursuant to Louisiana Revised Statute 40:1046(H)(6), Southern University Agricultural Research and Extension Center partnered with Advanced Biomedics LLC dba ILERA Holistic Healthcare provide the following required information.

1. The amount of gross marijuana produced by the licensee during 2020:

A total of 2,974 marijuana plants were harvested producing approximately -126.91 kg (dry flower) during the calendar year 2020.

2. The details of all production costs including but not limited to seed, fertilizer, labor, advisory services, construction, and irrigation:

a. Production Costs:	\$591,000
i. Building Equipment	\$302,000
ii. Cultivation Equipment	\$153,000
iii. Cultivation Supplies and Materials	\$136,000
b. Labor Costs:	\$1,325,000
c. Construction Costs:	\$1,072,000
d. Legal Services:	\$437,000
e. Security Services:	\$250,000
f. Computer/Internet:	\$104,000
g. License/Permit Fees:	\$126,000

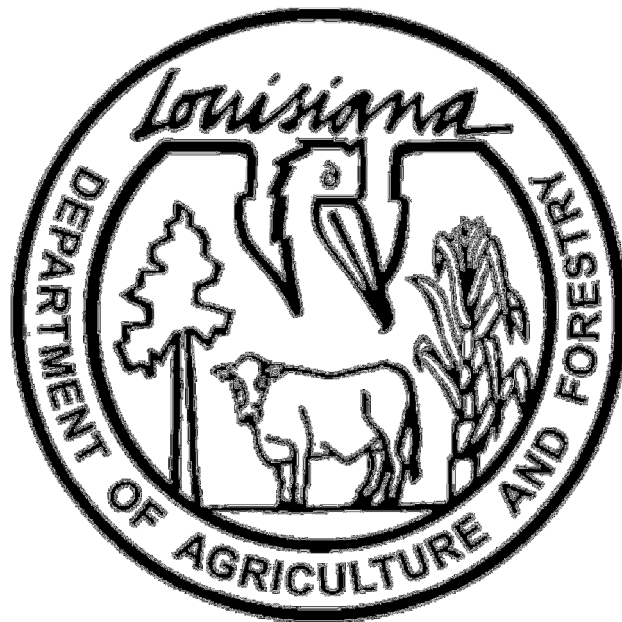
ILERA Holistic Healthcare
13073 Plank Road Baker, LA 70714
Main (225)



3. The details of any items or services for which the licensee subcontracted and the costs of each subcontractor directly or indirectly working for the contractor:
 - a. Licensee contracted with Advanced Biomedics LLC to produce medical marijuana products at no cost to Licensee.
 - b. Advanced Biomedics LLC has further subcontracted for the following services:
 - i. Construction Costs: \$1,072,000
 - ii. Legal Services: \$437,000
 - iii. Security Services: \$250,000
 - iv. Computer/Internet Services: \$101,000
4. The amount of therapeutic chemicals produced resulting from the medical marijuana grown pursuant to this section:
 - a. Ilera produced approximately, 12,755 units (i.e., tincture bottles and topical jars).
5. The amounts paid each year to the licensee related to the licensee's production of therapeutic marijuana pursuant to this section:
 - a. For 2020 Advanced Biomedics paid the Licensee \$1,000,000.
6. The amount of therapeutic marijuana distributed to each pharmacy licensed to dispense therapeutic marijuana in this state during each calendar year:
 - a. Through Wholesale distribution, Ilera sold approximately 8,425 units (i.e., tincture bottles and topical jars) to the nine pharmacies licensed by the Louisiana Board of Pharmacy during July – December 2020.

Ilera Holistic Healthcare
13073 Plank Road Baker, LA 70714
Main (225)

Louisiana Department of Agriculture and Forestry



Licensees Audit Review

2019 Supplemental Reports



LOUISIANA DEPARTMENT OF AGRICULTURE & FORESTRY
MIKE STRAIN DVM
COMMISSIONER



March 17, 2020

Tabitha Irvin, Esq.
Louisiana Department of Agriculture & Forestry
Executive Counsel
Director, Medical Marijuana Program

Dear Director Irvin,

**Agricultural &
Environmental
Sciences**
Suite 3000
(225) 925-3770
Fax: 925-3760

The audit staff of the Louisiana Department of Agriculture and Forestry ("the department") has conducted an examination to verify the information provided by GB Sciences Louisiana, LLC ("the licensee") to the department, as required by Louisiana Revised Statute 40:1046(H)(6), for the year ended 12/31/2019. This information was integrated into the annual report submitted by the department to the legislature.

**Agro-Consumer
Services**
Suite 6000
(225) 922-1341
Fax: 923-4877

The audit staff gathered evidence and performed procedures in order to verify the accuracy of the information provided in the annual report by the licensee. They audit staff feels the evidence collected and results of the procedures used indicate the information provided is accurate and free of material error. While the staff has a high level of confidence in this determination, it should be noted that no examination can guarantee information is completely free of error.

**Animal Health
& Food Safety**
Suite 4000
(225) 925-3962
Fax: 925-4103

Additionally, the audit staff performed procedures on transactions of various types to determine if the licensee is in compliance with the accounting controls submitted to and approved by the department as part of the licensee's standard operating procedures in effect on 12/31/19. Such compliance is required under Louisiana Administrative Code (LAC) Title 7:XLIX.1101.E.

Forestry
Suite 6000
(225) 925-4500
Fax: 922-1356

The result of those procedures show the licensee is not in compliance with the accounting controls approved by the department as of 12/31/19. Management and ownership structure of the licensee underwent significant change in 2019. As a result, some individual roles within the licensee's organization were never filled. As such, some separation of duties indicated in the accounting controls are inadequate. As a result of these findings, the licensee has begun revising the accounting controls which will be submitted to the department for review and approval within 30 days, as required under LAC 7:XLIX.1101.C.

**Management
& Finance**
Suite 1000
(225) 922-1255
Fax: 925-6012

**Soil & Water
Conservation**
Suite 7000
(225) 922-1269
Fax: 922-2577

This examination was limited in scope to reviewing the accuracy of the specific information indicated above, as presented by the licensee to the department for the annual report. The examination provides no assurance on information related to, but out of, this scope. Due to the limited scope, the examination was not conducted in accordance with Generally Accepted Audit Standards (GAAS), and no determination was made as to the information's conformance to Generally Accepted Accounting Principles (GAAP).

Sincerely,

Jeffrey P. Fabre
Audit Supervisor
Office of Management & Finance
Louisiana Department of Agriculture & Forestry



LOUISIANA DEPARTMENT OF AGRICULTURE & FORESTRY
MIKE STRAIN DVM
COMMISSIONER



June 15, 2020

Tabitha Irvin, Esq.
Louisiana Department of Agriculture & Forestry
Executive Counsel
Director, Medical Marijuana Program

Dear Director Irvin,

The audit staff of the Louisiana Department of Agriculture and Forestry ("the department") has conducted an examination to verify the information provided by Ilera Holistic Healthcare ("IHH" or "the licensee") to the department, as required by Louisiana Revised Statute 40:1046(H)(6), for the year ended 12/31/2019. This information was integrated into the annual report submitted by the department to the legislature.

The audit staff gathered evidence and performed procedures in order to verify the accuracy of the information provided in the annual report by the licensee. They audit staff feels the evidence collected and results of the procedures used indicate the information provided is accurate and free of material error. While the staff has a high level of confidence in this determination, it should be noted that no examination can guarantee information is completely free of error.

Additionally, the audit staff performed procedures on transactions of various types to determine if the licensee is in compliance with the accounting controls submitted to and approved by the department as part of the licensee's standard operating procedures in effect on 12/31/19. Such compliance is required under Louisiana Administrative Code (LAC) Title 7:XLIX.1101.E.

The accounting and financial controls as of 12/31/2019 are limited to the purchase-of assets, payment of expenses and reconciliation of the bank account. A number of transactions were reviewed from order to payment in order to test these controls. The licensee is deemed to be out of compliance with their policy with regard to:

- The prior approval of items purchased in excess of \$5,000. Purchases of this amount and above require the prior approval of the Chief Executive officer.
- Purchase orders, shipping receipts, invoices and contracts are not entered into the accounting system. As such, goods and services ordered are not affirmatively shown to be matched to those received and invoiced
- The review of the bank reconciliation by the Chief Financial Officer is not documented.

Mendy Harrington has been recently hired as the Controller. Ms. Harrington stated that she is working to get IHH in compliance with its internal control policy or change it to better conform to their operation.

This examination was limited in scope to reviewing the accuracy of the specific information indicated above, as presented by the licensee to the department for the annual report. The examination provides no assurance on information related to, but out of, this scope. Due to the limited scope, the examination was

Agricultural & Environmental Sciences
Suite 3000
(225) 925-3770
Fax: 925-3760

Agro-Consumer Services
Suite 5000
(225) 922-1341
Fax: 923-4877

Animal Health & Food Safety
Suite 4000
(225) 925-3962
Fax: 925-4103

Forestry
Suite 6000
(225) 925-4500
Fax: 922-1356

Management & Finance
Suite 1000
(225) 922-1255
Fax: 925-6012

Soil & Water Conservation
Suite 7000
(225) 922-1269
Fax: 922-2577

not conducted in accordance with Generally Accepted Audit Standards (GAAS), and no determination was made as to the information's conformance to Generally Accepted Accounting Principles (GAAP).

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeffrey P. Fabre", with a long horizontal flourish extending to the right.

Jeffrey P. Fabre
Audit Supervisor
Office of Management & Finance
Louisiana Department of Agriculture & Forestry



Medical Marijuana Program Snapshot



Medical Marijuana Retail Products Shipped to Pharmacies

(Calendar Year of 2019)

Item Category	LSU-Wellcana	SU-ILERA	Total Retail Products Shipped to the Nine Pharmacies
Tincture	16,527	0	16,527
Topical	0	0	0
Edible (Gelatin Chews)	0	0	0
Metered Dose Inhaler	0	0	0
Total Retail Products	16,527	0	16,527

The data in the table represents the quantity of each (individual) item product received in the medical marijuana pharmacies for retail calendar year (January to December 2019). LDAF does not have authority to require licensees to report revenues from the retail products sold to the pharmacies.

Harvested Marijuana Plants

(Calendar Year of 2019)

Item Category	LSU-Wellcana	SU-ILERA	Total
Harvested Plants	4,199	0	4,199

This chart shows the number of marijuana plants harvested by each licensee for the calendar year of 2019.

CONTACT INFORMATION

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