

DISTRICT COURT, DENVER COUNTY STATE OF COLORADO 1437 Bannock Street Denver, Colorado 80202	DATE FILED: June 22, 2022 4:40 PM FILING ID: 9F69F0DC74390 CASE NUMBER: 2022CV31451
Plaintiff: UNIVERSAL HERBS, LLC, by and through GARY SCHWARTZ in his capacity as Court-Appointed Receiver v. Defendant: TITAN HEALTH, LLC	COURT USE ONLY
<i>Attorneys for Plaintiff:</i> John A. Chanin, Reg. No. 20749 Katherine A. Roush, Reg. No. 39267 Jason M. Spitalnick, Reg. No. 51037 Foster Graham Milstein & Calisher LLP 360 S. Garfield Street, 6 th Floor Denver, Colorado 80209 Phone: (303)333-9810 Fax: (303)333-9786 Email: jchanin@fostergraham.com ; kroush@fostergraham.com ; jspitalnick@fostergraham.com	Case No.: 2022CV031451 Division: 209
NOTICE OF FILING STATUS REPORT	

Gary Schwartz, in his capacity as state court appointed receiver for Universal Herbs, LLC (“Schwartz” or the “Receiver”) and hereby submit this status report regarding the status of the receivership. The Status Report and exhibits thereto are attached.

DATED this 22nd day of June 2022.

FOSTER GRAHAM MILSTEIN
& CALISHER, LLP

By: /s/ John A. Chanin

John A. Chanin, #20749

Katherine A. Roush, #39267

Jason M. Spitalnick, #51037

ATTORNEYS FOR PLAINTIFFS

CERTIFICATE OF SERVICE

I hereby certify that on June 22, 2022, a true and correct copy of the foregoing **NOTICE OF FILING STATUS REPORT** was electronically filed and served on all parties of record via the Colorado Court E-Filing System.

/s/ Lucas Wiggins _____
Lucas Wiggins



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Forensic Accounting Fraud Investigations Economic Damages Business Valuations Bank Consulting Receiverships Data Analytics

June 22, 2022

John Chanin, Esq.
Katie Roush, Esq.
Foster Graham Milstein & Calisher, LLP
360 Garfield Street
6th Floor
Denver, CO 80209

Re: **UNIVERSAL HERBS, LLC, by and through GARY SCHWARTZ, in his capacity as Court-Appointed Receiver v. TITAN HEALTH, LLC**, District Court, Denver County, State of Colorado, Case No 2022CV031451

Dear Mr. Chanin and Ms. Roush:

This document is intended to provide an update to the Court since my appointment as Receiver for Titan Health pursuant to the Court's Order dated May 25, 2022.

Current Status of Data, Documents and Information

I provided Titan health and Mr. John Kaweske with multiple emails and document and data requests on the day of the May 25, 2022 hearing as was as subsequent to that hearing.

Exhibit 1 is a summary of the Documents Requested and the status of those requests. It reveals that there are still multiple instances in which the requested information has not been provided.

LeafLogix POS System

The Universal Herbs Assets ("UH Assets" – which included the Park Avenue and Jason Street Retail locations and the 39th Street grow Facility) included the two retail locations,

NEW ADDRESS:

633 17TH Street, Suite 2250 Denver, CO 80202 303.296.2900 www.bcls-cpa.com

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which required the use of a Point of Sale (“POS”) system to process transactions which also integrates with eh States METRC system¹ for inventory and regulatory reporting.

Titan Health was operating under the Tweedleaf name, and operated under multiple systems, programs and processes which were used collectively by the entire Tweedleaf network of retail locations. One such system was the LeafLogix POS system, which is an ERP Program.²

I contacted Mr. Kaweske to request that the POS Systems for the Universal Herbs assets be kept on-line and that I be allowed to bifurcate the UH Assets in the LeafLogix system so that I can control all aspects of the UH Assets from those currently under the Tweedleaf LeafLogix account. My and my staff contacted Dutchie/LeafLogix as soon as possible to get this transfer and conversion processed as quickly as possible.

LeafLogix was also being used to process non-cash transactions at the UH Assets, which accounted for approximately 70% of sales. I was trying to get this process under control as I understood that these funds were going to a non-UH Assets bank account. Mr. Kaweske has cleaned out the UH Assets bank account, thus eliminating my cash flow to operating the business.

On Saturday morning, May 2, I was notified that the LeafLogix POS at the UH Asset stores was down and not operating, and thus the UH Asset stores could not open for business as usual. One of my new employees, a former Tweedleaf employee, Josh Evangelista (“JE”), was working with me to help with the transfer of the LeafLogix accounts and data to the UH Assets estate on or about Thursday, May 26, 2022, the next business day after the issuance of the Receivership Order.

¹ Per its website, METRC is Metrc is the most trusted and experienced provider of cannabis regulatory systems in the United States. Our solution combines advanced software, radio-frequency identification (RFID) technology, a dedicated customer-support team, and a secure database to track and trace cannabis from growth, harvest, and processing to testing, transport, and sale. Metrc serves more than 300,000 users, including growers, manufacturers, testing facilities, transport providers, dispensaries, state regulators, and law enforcement officials across 19 states, the District of Columbia, and Guam. We are proud to play a leading role in ensuring the safety and security of the nation’s legal cannabis market.

² LeafLogix provides features in the following areas: POS System, Cultivation, Wholesale and Distribution, Business Intelligence, Ecommerce

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Up to the point on Saturday, I had very little if any communication with Mr. Kaweske and his staff and had not received much of the information requested. had virtually no responses

Kaweske Affidavit

Mr. Kaweske filed a sworn Affidavit with the Court during his testimony at the May 25, 2022, Hearing (Exhibit 2).

Item 3 in is Affidavit states: The Company employees approximately 200 people. Kaweske references 9 entities in his definition of "Company". I am uncertain as to why the number of employees at the other Kaweske owned or controlled entities is relevant to this receivership and to Titan Health.

Two days after the Order was entered, Titan Health had a payroll due to be paid to its employees. Titan Health and Kaweske refused to fund the payroll. In addition, Titan Health and Kaweske failed to provide the necessary information for us to accurately process the payroll. The only 2 data points provided by Titan Health and Kaweske was the name of the employees and the amount owed, which we were unable to determine if the amount was net or gross of taxes and other deductions (Exhibit 3). The total number of employees on the payroll email was 38.

Item 4 to the Kaweske Affidavit states:

"Titan Health is a healthy company with a substantially Balance Sheet demonstrating [sic] of \$4,771,555.56 of Assets net of all liabilities and has no risk to its operations." [Emphasis added]

This statement is factually and materially incorrect and is in direct contravention to the facts and documents provided.

I was ultimately provided with a copy of Titan Health's QuickBooks file on or about June 8, 2022. Contrary to the statement made by Mr. Kaweske at the hearing that had a strong and well-staffed accounting department, his email to me in providing the QuickBooks native file indicated:

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Re: Receivership items

John Kaweske <johnk@tweedlife.com>
To: Gary Schwartz
Cc: Bill Mellenthin; John Chanin (jchanin@fostergraham.com); Katie Roush (roush@fostergraham.com)


Wed 6/1/2022 8:33 AM


You replied to this message on 6/1/2022 1:42 PM.
If there are problems with how this message is displayed, click here to view it in a web browser.

Hi Gary,

I think the only information issues left are to resolve our accounting issues. We are a small company and have one person on staff in accounting. We are working on the information request.

John


tweedleaf



John Kaweske
Chief Executive Officer
Email: johnk@tweedlife.com
Phone: 719-345-5343
5965 Delmonico Drive, Suite 300
Colorado Springs, CO 80919
www.tweedlife.com

He now represents that Titan Health and the Tweedleaf entities “...are a small company and have one person on staff in accounting”. This is one more example of his misrepresentations to the Court.

Upon receipt of the Titan Health QuickBooks file, I pulled a balance sheet and income statement, to better understand the reported financial condition of Titan Health. As shown in **Exhibit 4**, the balance sheet shows a very different picture from the statements in his Affidavit. The Balance Sheet as of June 8, 2022, reveals total assets of \$5,466,105.94 and Total Liabilities of \$5,009,903.17, resulting in a balance of Total Equity (calculated by subtracting Total Liabilities from Total Assets) of **\$456,202.77**. This Total Equity amount is materially different and less than that **\$4,771,555.56** in the Affidavit. Thus, on its face this material statement was false and misleading.

I also noted that \$3,250,000.00 of the \$5,466,105.94 in total assets represents “Goodwill”, which is defined as “...an intangible asset used to explain the positive difference between the purchase price of a company and the company’s perceived fair value. Goodwill typically only comes into play when one company purchases another. If the purchase price is higher than the company’s fair value,

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the acquiring company can explain so on its financial statements through goodwill. Only the acquiring company recognizes goodwill.”³

In addition, since taking over, it has come to my attention that Titan Health is past due with many of its vendors, as well as with the City of Denver and the State of Colorado. In addition to 2 of its 3 landlords, Titan Health was past due with Waste Management, its trash company, from August of 2021, which had ceased provided trash services; its internet provider, which had disconnected its service, and General Air, which supplies Co2 and other critical grow supplies. General Air had also ceased providing product and refused to provide service until its invoices were brought current. These are only the vendors that we are aware of. A complete listing of vendors and a payable listing is other information that Titan and Kaweske has still failed to provide.

As noted in the hearing, Titan Health is also severely delinquent on tax payments to various taxing authorities. I am still in the process of determining the exact amount of taxes, penalties and interest owing by Titan Health. I received a notice from the Tweedleaf bookkeeper on June 21, 2022, that Titan is past due on it April 30, 2022 Sales Tax payments. After penalties and interest, the balance owing for jus this period is \$18,232.00 (Exhibit 5). I just received the update total tax liability for Titan Health as of June 22, 2022 for both City of Denver Sales Tax (\$150,746) and Sales and Excise tax due to the Colorado Dept of Revenue (\$296,946.80), for a total owing of \$447,692.80 (Exhibit 5).

In telephone conversations with Kaweske and documents he provided, Kaweske has represented that his has delinquent taxes owed of approximately \$1.0 million. I am in the process of trying to quantify the exact amounts owing to all of the taxing authorities. This issue is material as it places the Titan Health licenses in jeopardy of being revoked.

Thus, the sworn statement that Titan Health “...is a healthy company” and “...has no risk to its operations” is completely false and inconsistent with the facts.

³ <https://quickbooks.intuit.com/r/accounting-taxes/whats-business-goodwill-and-how-do-you-account-for-it-in-your-books/>

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Amounts Still Owing under APA

The Receiver has provided Titan Health with a schedule of the amounts that are still due and owing under the APA and which still remain unpaid. This schedule is attached at **Exhibit 6**.

The first component relates to specific provisions of the APA, and includes proration for utilities and vendors for which the Receiver paid the invoices which included post-closing expenses. This total is \$1,542.61, before any interest. The second category relates to excessive cultivation inventory on hand at the grow facility which Lifestream failed to sell in a reasonable period of time and contract to the Receivers direct direction to do so. This inventory totals \$156,992.00. Titan failed to sell this inventory in hopes of taking possession at the time of closing instead of selling while still owned by the Receiver. The Receiver and Kaweske have numerous discussions about this inventory, and Kaweske agreed to sell or to pay the Receiver as part of a post-closing adjustment. The third category relates to the security deposits on the leases specifically due to the Receiver/Seller at the time of closing. The amount of these deposits totals \$89,394.28.

The total of these 3 categories totals \$247,928.89. There has not been any dispute on any of these amounts by Titan. Only a failure to pay.

The next category relates to the Management Contract with Lifestream Management. The current amount owing under the management contract is unknown and in dispute. We have had multiple email and telephone communications with the Tweedleaf/Titan accounting staff to attempt to clarify and reconcile the amounts owing. I would note that during this time frame, we were forced to deal with at least 2 different people who we believed were the "Directors of Finance", Rao Asghar and Eric Wilson. We understand that both Mr. Wilson and Mr. Asghar are no longer employed by the Tweedleaf entities. We have asked for supporting documentation for the numbers and amounts represented by Titan Health. We have yet to receive the necessary information to resolve these issues. Examples of irregularities and issues include, but are not limited to, amounts claimed for grow Salaries and Wages that were the exact same every month from January to November 2020. The same was true for Materials and Supplies. The monthly amounts were exactly the same in the 2020 Profit & Loss produced by Lifestream from January to November. We have numerous

At some point, the Receiver sent Titan Health an Excel Profit & Loss Statement derived from our QuickBooks file, which showed a loss for the year ending December 31, 2020 of (\$645,856.) (**Exhibit 7**). On or around March 5th, 2021, the Receiver received a Profit & Loss Statement for 2020 by month (**Exhibit 10**) that had been revised by Titan Health suggesting that Lifestream Management was due \$343,352. Upon review of this

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revised Profit & Loss, at least three items quickly became apparent that lead me to question the accuracy and reliability of the calculation: The profits sharing percentage represented for Lifestream Management was 60% and not the agreed upon amount of 49.50%; as noted above, the monthly expense figures from January through November for the expense lines called "Materials & Supplies" and "Grow Salaries and Wages" had the exact same figure month after month for their respective lines which was peculiar and dramatically lower when compared to the actual monthly figures as presented in Exhibit 9; and since the Management Agreement was executed on May 21st, 2020, it was not appropriate to go back to the beginning of January 2020 in calculating any Profit Sharing Split. On June 3, Titan revised its previous Profit & Loss statement, ignoring our previous issues, and only adjusting the split percentage from 60% to 50% (Exhibit 11) and sent in invoice (Exhibit 12) in the amount of \$286,127.00.

I was also provided with financial statements for June 30, 2021 and March 31, 2022 by the members of Family Legacy, the 40% owner of Titan Health. These financials were provided to Todd Miller by Mr. Kaweske. The email and the financials for June 2021 are attached at Exhibit 13. The email and the financials for March 31, 2022 are attached at Exhibit 14. Interestingly, the June 30, 2021 financials show a loss of (\$79,617.22). Thus, this would further call into the question the accuracy and reliability of the claims of any management fees owed to Lifestream due to a profit-sharing arrangement.

Various attempts were made to communicate and resolve these issues with Rao Ashgar and on or around early March of 2021 it came to our attention per conversations with a staff member within his accounting department that Rao was no longer with the company. By the end of March 2021 a new Director of Finance was brought on board by the name of Eric Wilson and conversations started to begin with him regarding the Management Agreement's Profit Sharing Split and other past due challenges. In an effort to help bring Eric up to speed and to show him that there were no profits to share, we emailed Mr. Wilson the actual native QuickBooks file of Universal Herbs for his review (Exhibit 15). In addition to providing the native QuickBooks file, we set up a conference call to further discuss these accounting issues. On April 9th, 2021, Gary Schwartz, Bill Mellenthin, and Eric Wilson got on a conference call to discuss these issues. Mr. Kaweske did not participate. During the call Mr. Wilson stated that the swings and losses in the numbers did not make sense to him. The meeting ended with Mr. Wilson stating that he would get back to us on the Profit Sharing Split after discussing with Mr. Kaweske.

On May 28, 2021, without any further communication on this issue, Mr. Wilson sent to us the revised and altered Titan Health Profit & Loss Statement (Exhibit 11) and an invoice (Exhibit 12). This Revised Profit & Loss Statement still contained the same

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issues: The profits sharing percentage represented for Lifestream Management was now 50%, not the agreed upon amount of 49.50%; the monthly expense figures from January through November for the expense lines called "Materials & Supplies" and "Grow Salaries and Wages" still had the same peculiar and exact same figures month after month as had been presented before; and the calculation still were made from January 2021 instead of the actual date of the Management Agreement.

We again replied back via email on June 3, 2021 with our three concerns as described above and that we were happy to discuss the calculations as presented by their accounting professionals. That same day John Kaweske provided a bewildering reply that provided no further support, explanation, or resolution. We have not heard anything since then.

We never received any dispute or response from any of the issues related to the APA. I had numerous discussions with Mr. Kaweske about those defaults, but he always had an excuse or a promise that went unfulfilled.

Transfer of Universal Herbs assets by Titan Health

On May 20, 2022, I sent an email to Mr. Kaweske seeing his conferral for my appointment as Receiver. In that email, which is attached at **Exhibit 16**, I strongly encouraged that he "...not take any actions that will impact the value of the collateral securing the Titan health notes to the Receivership."

The Receivership hearing was on Wednesday May 25, 2022, after receiving my email notice dated May 20, 2022.

On May 24, 2022, Mr. Kaweske sent an email to the Grow Manager at 39th Street (**Exhibit 17**) in which he specifically directed Mr. Angello to "move all inventory from Titan to JW Colorado in tomorrow's pickup from Dylan." Upon further investigation, I determined that Mr. Kaweske had directed the Grow Manager to ship virtually all of the finished product grown at the 39th Street Grow (now part of the Receivership estate), consisting of approximately 40 boxes weighing approximately 350 pounds of packaged flower, to Mr. Kaweske's Trinidad facility (estimate value between \$300,000 to \$450,000). Fortunately, I understand that the delivery person did not pick up the shipment on time due to an issue of nonpayment for his services. As a result of the delay, I was able to stop the transfer/shipment and to retain that inventory.

Also, on May 24, 2022, well aware of the impending Receivership hearing and contrary to my May 20, 2022 email, Mr. Kaweske and/or his Tweedleaf agents, directed the Grow Manager to ship various equipment and supplies to the Trinidad location (**Exhibit 18**).

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This is yet another example of Mr. Kaweske's willful actions to transfer and dissipate Titan Health assets to a Kaweske owned entity without adequate or any consideration.

In addition to transferring and shipping Universal Herbs assets to his other locations and entities, I was provided with emails from Mr. Kaweske and other Tweedleaf employees to "disburse" other Universal Herbs equipment and assets to other Kaweske related entities after my May 20, 2022 email. **Exhibit 18** is an email from Kaweske to the grow Manager at 39th on May 22, 2022 to move "tables and other equipment and supplies" from the 39th St. Grow to Trinidad and Boulder.

Having received my email on May 20, 2022 about preserving my collateral, Kaweske was developing a "Asset Movement Plan" to "...move all equipment from the facility." (**Exhibit 19**).

Production of Documents and Information from Titan Health

There are still multiple items that I have requested that have yet to be produced by Kaweske and Titan Health. Mr. Kaweske has been extremely combative and uncooperative, contrary to the requirements of the Receivership Order. I have still yet to be provided with access to the Titan Health bank accounts and supporting documents and records. The financials provided are inconsistent and unreliable. The Titan Health operation accepted debit cards for retail transactions. I have still not been provided with the reconciliation or information related to where these funds have been deposited. After my appointment, I was told that Kaweske sent Tweedleaf representatives to the Universal Herbs store to pick up the cash in the safes. Fortunately, the pickup did not take place due to the receivership.

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The Receivership work and the accounting review and analysis continues. I reserve the right to amend this report and its conclusions should additional information become available.

Very truly yours,

GARY M. SCHWARTZ, CFE

Gary M. Schwartz, CFE
Receiver
Universal Herbs / Titan Health

**UNIVERSAL HERBS / TITAN HEALTH RECIEVERSHIP
DATA REQUEST
Date of Recievership Hearing and Order - May 25, 2022
As of 6/22/22**

Exhibit 1

Documents Requested	Date Requested	Date Received	Comment
The complete native file for accounting records for the Universal Herbs Assets since the sale date of January 25, 2021;	05/26/22	06/03/22	
The complete bank records, including copies of all items, from all bank accounts for which revenue and expenses have flowed from the Universal Assets;	05/26/22		
All payroll information, as well as the contact information for the payroll provider;	05/26/22		Provided incomplete information for 5/26/2022 payroll. Hs refused to provide any other information
The METRC password for the Universal Assets	05/26/22		
Alarm company information and codes	05/26/22	05/28/22	
Copies of all Current leases for the three universal herbs assets	05/26/22		
Login information for all security cameras for all three Universal Herbs assets	05/26/22	05/28/22	
complete vendor list for the two retail stores at Park and Jason	05/26/22		
Listing of all accounts payable a detailed list, including all monies owed to Kaweske related entities	05/26/22		Still no detail provided
Login for the current POS system for Jason and Park	05/26/22	06/01/22	
Login information for all bank account that receive funds from the sales at and of the Universal Herbs Assets	05/27/22		
The merchant processing account information for all debt card transactions being processed at and of the Universal Herbs Assets, as well as a complete reconciliation and listing of all monies collected related to any sales from the Universal Herbs Assets since January 25, 2021;	05/27/22		
The name and account information of the bank account in which the debit card transactions are being deposited	05/27/22		
A listing of all loan and financial documents related to any alleged monies owed by the Universal Herbs Assets, as well as all supporting documents, a listing of all sources and uses of funds for these liabilities, including bank statements documenting these alleged obligations;	05/27/22		
Need contract and contact for cash courier service	05/26/22		
Copies of all sales, transfers or other from UH Assets to Tweedleaf assets	05/30/22		
All payroll reports submitted to taxing authorities, including quarterly 941, SUTA and FUTA reports	06/17/22		

I, John Kaweske, being duly sworn, say as follows:

1. I make this affidavit upon personal knowledge and review of the documents referred to herein. I only had a few hours to prepare for my defense. I have not been able to retain legal counsel due to only becoming aware of an ex-parte motion filed yesterday. (Exhibit A, email from Katie Roush received at 1:57pm yesterday).
DATE FILED: May 27, 2022 3:47 PM
CASE NUMBER: 2022CV91434
 2. I am the managing member of Titan Health, LLC, JW Colorado, LLC, Cosmic Light, LLC, AJC Industries, LLC, MMJ 95, LLC, Lifestream Management, LLC and Lifestream Holdings, LLC, North Star Holdings, Inc and Excelsior Management, LLC combined these entities are referred to as the "Company".
 3. The Company employees approximately 200 People.
 4. Titan Health, LLC is a healthy company with a substantially positive Balance Sheet demonstrating of \$4,771,555.56 of Assets net of all liabilities and has no risk to its operations.
 5. On August 26, 2019, North Star Holdings, Inc. wired \$150,000 and signed an APA with Mr. Mark Ray for the purchase of certain assets, the "Universal Herbs Assets".
 6. The Company as a result is a creditor to the Mark Ray Estate and due \$150,000. (Exhibit B). We have been asking Mr. Schwartz repeatedly for over a year in emails and verbally to provide us with proof of are creditor status to confirm it has been appropriately registered. We have yet to receive any documentation.
- Material Omitted Agreements – Failure by Plaintiff to provide full and fair disclosure in Ex-parte motion.**
7. In addition to an Asset Purchase Agreement, the Company entered into a Management Agreement with Gary Schwartz acting as receiver for Universal Herbs on November 1, 2019. This Agreement contained a profit sharing split in exchange for management services in favor of Lifestream receiving profits for providing management services of the Universal Herbs business. (Exhibit C)
 8. The Company entered into a revised Management Agreement with Gary Schwartz acting as receiver for Universal Herbs on May 21, 2022. This Agreement also contained a profit sharing split in exchange for management services in favor of Lifestream receiving profits for the management services of the Universal Herbs business. (Exhibit D)
 9. The Management Agreement dictates in Section B how the profits will be split and states, "Profits shall be distributed to the parties in the percentages set forth above on a monthly basis and shall be accompanied by a written statement of the amounts due to each party...If either party requires an independent review of the amounts set forth in any detailed written statement, such will be provided at the challenging party's cost..."

10. Mr. Gary Schwartz and Universal Herbs, LLC has never requested an independent review of accounting for monies due for Management Services and invoices provided. The Company is due \$410,517.78 as of December 31, 2021 was outstanding. (Exhibit E)

Substantive inaccurate and incorrect statements in the Affidavit of Mr. Gary Schwartz. Email to Gary sent May 20, 2022. Material facts omitted from email in ex-parte motion. (Exhibit F)

11. The affidavit signed May, 23, 2022 by Mr. Gary Schwartz has the following untrue, inaccurate and/or incorrect statements within the affidavit.
- a) Item 5 of the affidavit is inaccurate; Plaintiff Universal is not a Licensed Marijuana Business.
 - b) Item 9 of the affidavit is inaccurate; the note does not include profits generated from the Assets as secured collateral.
 - c) Item 10 of the affidavit is inaccurate; Titan is current on all obligations to Universal Herbs our next payment is due July 5, 2022. (Exhibit G – includes Note Amortization Schedule, Bank Statements demonstrating payments and a reconciliation of Cash payments providing irrefutable proof of the inaccuracies in Mr. Schwartz’s affidavit.
 - d) Item 11 of the affidavit is inaccurate the note is in good standing.
 - e) Item 12 of the affidavit is inaccurate the note is in good standing. The balance on the combined notes including interest due at maturity is \$1,459,288.04. Mr. Schwartz has overstated the balance due by more than \$1 Million in his affidavit.
 - f) Item 13 of the affidavit is inaccurate.
 - g) Item 14 of the affidavit is inaccurate.
 - h) Item 15 of the affidavit is inaccurate.
 - i) Item 16 of the affidavit is inaccurate.
 - j) Item 17 of the affidavit is entirely untrue. The Titan rents have been paid. Irrefutable proof provided (Exhibit H)
 - k) Item 18 of the affidavit omits the materially fact that all tax agreements with the State and City of Denver are in good standing.
 - l) Item 20 of the affidavit is inaccurate. The grow operations have been in process of a planned closure for two months and are two weeks away from complete closure. We have already eliminated excess staff and excess plants in preparation for closure. Attempting to restart these operations would incur significant costs that are not in the best interest of stakeholders.
 - m) Item 21 of the affidavit is inaccurate. I have never been accused by Titan’s minority’s partners of any wrongdoing.
 - n) Item 22 of the affidavit is inaccurate, there is no real or immediate threat to the value of the secured collateral.

12. Background:

The Company operates 10 dispensaries, 5 cultivation facilities and 2 manufacturing facilities in the State of Colorado. The Marijuana industry is currently undergoing a contraction of prices. Wholesale marijuana flower has declined from 2021 prices of \$1,800 a pound to \$500 a pound.

The Company has created a revised business plan to reduce costs and overhead in this challenging market. This revised business plan has been discussed and approved by all stakeholders our CPA, Rao Asghar and our business advisor Gopal Garuda. (Bio's attached as Exhibit F).

Titan Health Cultivation:

The Titan Health, LLC cultivation facility located at 39th Avenue is costing the Company approximately \$200,000 a month to operate. The Company's management, minority stakeholders and advisors believe that closing the 39th Avenue cultivation will add to increased profitability and reduced expenses. Operating budgets demonstrate that 12 months of operations cost the Company \$2.4 Million in annual operations.

We have conducted a review of the facility and we have determined that to bring the facility to safe standards and correct non-permitted electrical work that was conducted by Mr. Mark Ray it will cost over \$300,000. As a result of the high operational costs and necessary repair costs, we do not see this as a viable ongoing asset of the Company.

On May 12, 2022, I had a meeting with the CEO of Livwell, Michael Lord regarding on interest in purchasing our Company. I was told in the meeting that Livwell was giving away cultivation facilities is someone was willing to take over their leases. This is the second cultivation facility we have been offered for free in the last three months. The first being from Lightshade.

Fire and Flower Holdings:

The Company is under a Letter of Intent to sell an option to Fire and Flower Holdings, Inc. (Stock Symbol FFLWF) for approximately \$18 Million. If Mr. Schwartz is successful in becoming a receiver, we will lose the benefit of this contract. This definitive agreement has been fully negotiated and anticipated to close within 30-60 days. Fire and Flower Holdings, Inc is a 35% owned entity by Couche Tard Alimentation, Inc. (the owner of Circle K globally). (Exhibit G)

Business Interference

Mr. Gary Schwartz in his affidavit has admitted to contacting parties we do business with prior to being appointed in an official capacity. This is illegal business interference in our operations. His calls to landlords and interested parties presenting his concepts for receivership is complicating our management of the business and our negotiations with the same parties. He claims to be speaking to our minority partners in his affidavit. However, I have communicated with them, and they have stated to me that they have not made any representations to Mr. Schwartz.

Lack of Due Process

The ex-parte filing, and motion is a violation of my rights for due process. I was only informed via email yesterday on May 24, 2022 at 1:57 PM of the hearing. I did not read this email until around 5:40pm. I have not had sufficient time to prepare. Nor is there any matter of urgency that would require an ex-parte emergency motion.

Conflict of Interest

Our Company is the largest creditor of Titan Health, LLC and our related entities are owed in excess of \$2 Million from Titan Health, LLC. (Exhibit H). Mr. Schwartz should not be allowed to be a receiver when he represents the note holders. We are not in default of the note and Mr. Schwartz has a conflict of interest.

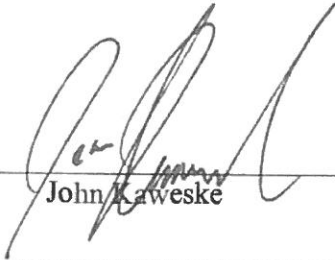
Capitalization Plan (Strong Balance Sheet)

The Company has also made recent arrangements to increase liquidity. We have a refinance in process for next week with Socotra Capital for \$750,000 in new monies, whereby we will

receive from refinancing a property. We also have a sale leaseback in process generating \$600,000 in new capital and we are waiting on our IRS refunds of \$3.1. (Exhibit I proof of liquidity). In combined the Company has shored up \$4,450,000 in new capital that will be received starting next week and over the next three months.

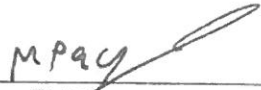
Non-Viability of maintain 39th Street Cultivation.

The Company has prepared two budgets in Exhibit J. These two budgets demonstrate the sustainability of our business model and support our decisions to close the 39th Avenue cultivation. In a 3 month period this budget demonstrates that by closing the cultivation the Company will have a quarterly profit of \$597,419 vs a loss of quarterly loss of (\$314,321.86) if the cultivation is maintained.


John Kaweske

STATE OF COLORADO :
 :
COUNTY OF El Paso :SS
 :

Subscribed and sworn to before me this 25th day of May, 2022 by John Kaweske


Notary Public

My Commission Expires: March 21st 2026

MYLES LEWIS PAGE
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20224011279
MY COMMISSION EXPIRES MARCH 21, 2026

Gary Schwartz

From: Human Resources & Payroll <hr@tweedlife.com>
Sent: Thursday, May 26, 2022 4:03 PM
To: Gary Schwartz
Cc: Bill Mellenthin; johnk@tweedlife.com; admin@tweedlife.com
Subject: Titan Items
Attachments: 2022 Renewal Packet.pdf

Hi Gary,

From the Human Resources, Payroll, and Compliance departments, pursuant to the court's order I've attached a copy of the renewal packet for the Jason Street store state license which expires next Tuesday (6/1). It will need to be updated and filed along with the requisite fees.

The following are the Titan employees who need to be paid tomorrow, with the corresponding amounts due to them:

Alvarez, Dominic	\$1,213.46
Alvarez, Nate	\$1,277.04
Angello, Arie	\$2,884.62
Bequette, Jessica	\$1,268.80
Burnham, Britiney	\$1,405.62
Contreras, Feliz	\$1,166.40
Curry, Javon	\$1,248.14
Dutton, Susan	\$549.12
Ernest, Jacob	\$1,923.08
Gaertner, Chad	\$1,236.00
Gibbs, Tiaona	\$696.16
Gotay-Perez, Liz	\$541.62
Haigler, Geoffrey	\$374.40
Hedgpeth, Madison	\$1,554.00
Howard, Kelsey	\$1,342.49
Inskip, Randolph	\$1,373.26
Katzman, Jacob	\$1,923.08
Kilgore, Jordan	\$661.81
Madrigal, Shyanne	\$840.80
O'Malley, Gillian	\$384.54
Ortiz, Briana	\$1,102.88
Pagan, Regis	\$1,333.65
Pennie, Aaron	\$1,472.00
Richmond, Gregory	\$956.25
Threatt, Kadejah	\$1,098.40
Tryels, Willie	\$1,045.92
Werner, Neal	\$1,425.40
Franco, Anthony	\$1,467.10
Lurtz, Angela	\$1,134.72
Speir, Tyler	\$1,008.48
Taylor-Burroughs, Katherine	\$1,572.90
Tompkins, Micaela	\$1,199.52

Bellaire, Jalen	\$1,350.22
Cirruzzo, Nicholas	\$1,142.08
Dobbins, Jack	\$1,086.08
Etling, Xoe	\$1,350.47
Greenhalgh, Dylan	\$1,508.31
Puckett, Mackenzie	\$1,088.85

I'm sure the finance/accounting department will be following up with additional information requested.

Thank you!



Human Resources
Here to serve!
Daniel Noffsinger
Phone: 719-345-5344
5825 Delmonico Drive, Suite 330
Colorado Springs, CO 80918
www.tweedlife.com

Titan Health, LLC
Balance Sheet
 As of June 8, 2022

Exh 4

	Jun 8, 22
ASSETS	
Current Assets	
Other Current Assets	
12500 · TRANSFERS	2,873.94
12600 · SWEEP ACCOUNT	18,219.86
15000 · FIXED ASSETS	
15500 · LEASEHOLD IMPROVEMENTS	32,319.97
15400 · MACH AND EQUIP	53,124.61
Total 15000 · FIXED ASSETS	85,444.58
13000 · INVENTORY - TOTAL INVEN	
13010 · RAW MTRL INVENTORY	1,608,828.50
13150 · FLOWER INVENTORY	73,210.00
13510 · FLOWER II INVENTORY	427,529.06
Total 13000 · INVENTORY - TOTAL INVEN	2,109,567.56
Total Other Current Assets	2,216,105.94
Total Current Assets	2,216,105.94
Other Assets	
18100 · GOODWILL	3,250,000.00
Total Other Assets	3,250,000.00
TOTAL ASSETS	5,466,105.94
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20005 · Accounts Payable	566,430.74
Total Accounts Payable	566,430.74
Other Current Liabilities	
23000 · DUE TO	
23240 · DUE TO LIFESTREAM MANAGEMENT	410,517.78
23100 · DUE TO MMJ 95	830,100.00
23010 · DUE TO AJC INDUSTRIES LLC	87,734.77
23060 · DUE TO JW COLORADO	1,486,755.91
23110 · DUE TO NORTH STAR HOLDINGS	194,167.90
Total 23000 · DUE TO	3,009,276.36
25500 · SALES TAX PAYABLE	65,934.51
Total Other Current Liabilities	3,075,210.87
Total Current Liabilities	3,641,641.61
Long Term Liabilities	
29400 · Notes Payable	1,368,261.56
Total Long Term Liabilities	1,368,261.56
Total Liabilities	5,009,903.17
Equity	
30000 · Opening Balance Equity	
30100 · Owner's Investment	2,256,778.02
Total 30000 · Opening Balance Equity	2,256,778.02

11:53 AM
06/08/22
Accrual Basis

Titan Health, LLC
Balance Sheet
As of June 8, 2022

	<u>Jun 8, 22</u>
32000 · Retained Earnings	-1,093,291.57
Net Income	-707,283.68
Total Equity	<u>456,202.77</u>
TOTAL LIABILITIES & EQUITY	<u><u>5,466,105.94</u></u>

Titan Health Receivership
City and County of Denver - Jason Street & Park Avenue Dispensary
January 2021 to Date
As of 06/22/2022

Exh. 5

<u>Location:</u>	Jason Street and Park Avenue Dispensary				
<u>Taxing Authority:</u>	City of Denver/Sales Tax/463142 /Mthly				
	<u>Tax</u>	<u>Penalty & Interest</u>	<u>Total</u>	<u>Paid</u>	<u>Outstanding</u>
Jan-21	4,837.00	774.00	5,611.00	(5,611.00)	0.00
Feb-21	24,964.00	0.00	24,964.00	(24,964.00)	0.00
Mar-21	25,520.00	0.00	25,520.00	(25,520.00)	0.00
Apr-21	28,975.00	7,058.00	36,033.00	(36,033.00)	0.00
May-21	27,611.00	7,731.00	35,342.00	(4,746.00)	30,596.00
Jun-21	26,107.00	7,049.00	33,156.00	0.00	33,156.00
Jul-21	32,871.00	5,260.00	38,131.00	(38,131.00)	0.00
Aug-21	26,357.00	0.00	26,357.00	(26,357.00)	0.00
Sep-21	27,483.00	6,595.00	34,078.00	0.00	34,078.00
Oct-21	25,442.00	5,851.00	31,293.00	0.00	31,293.00
Nov-21	21,467.00	0.00	21,467.00	(21,467.00)	0.00
Dec-21	20,801.00	0.00	20,801.00	(20,801.00)	0.00
Full Year - 2021	292,435.00	40,318.00	332,753.00	(203,630.00)	129,123.00
Balance Due					
Jan-22	19,439.00	3,234.00	22,673.00	(19,439.00)	3,234.00
Feb-22	17,910.00	0.00	17,910.00	(17,910.00)	0.00
Mar-22	19,182.00	0.00	19,182.00	(19,182.00)	0.00
Apr-22	15,691.00	2,698.00	18,389.00	0.00	18,389.00
May-22	???	???	0.00		0.00
Jun-22			0.00		0.00
Jul-22			0.00		0.00
Aug-22			0.00		0.00
Sep-22			0.00		0.00
Oct-22			0.00		0.00
Nov-22			0.00		0.00
Dec-22			0.00		0.00
Full Year - 2022	72,222.00	5,932.00	78,154.00	(56,531.00)	21,623.00
Balance Due					

Total Outstanding Balance Due: 150,746.00

Additional Notes:

- Leaf Logix had wrong City of Denver sales tax of 4.31% instead of 4.81% until Becky changed it mid June 2022.
- Jason Street does not appear to have a medical sales tax account nor have reported any medical sales since they bought the licenses.
- CDOR has a past due of:
 - \$204,916.80 for Retail MJ Excise Tax
 - \$91,628.90 for Retail MJ Sales Tax
 - \$401.10 for General Sales Tax
 - \$ 296,946.80 < TO CDOR



CITY AND COUNTY OF DENVER

DEPARTMENT OF FINANCE
TREASURY DIVISION
P.O. BOX 660860
DALLAS, TX 75266-0860
www.DenverGov.org/eBizTax

4
CHRIS JONES
TITAN HEALTH, LLC
5825 DELMONICO DR STE 330
COLORADO SPRINGS CO 80919

June 10, 2022
Letter ID: L0400972544
Taxpayer ID: 463142

Tax Compliance Agent: Beverly Gallegos
Tax Compliance Agent Phone Number: (720) 913-9437
Location Address: 755 S JASON ST

NOTICE OF UNDERPAYMENT DUE TO RETURNED CHECK(S)

A check(s) for the following tax type(s) and period(s) has been returned by your bank.

Table with 9 columns: Tax Type, Account, Filing Period, Tax, Penalty, Interest, Audit Debt, Returned, Total. Row 1: Sales, 463142-010046, 30-Apr-2022, 15,691.00, 2,354.00, 157.00, 0.00, 30.00, 18,232.00. Row 2: TOTALS: 15,691.00, 2,354.00, 157.00, 0.00, 30.00, 18,232.00

Payment of the balance due must be paid within ten (10) days of the date of this notice (20-Jun-2022).


Only certified funds (cashiers check, money order) may be mailed in.

To pay cash, please contact Beverly Gallegos, (720) 913-9437 to make arrangements to pay in person.

FAILURE TO COMPLY WILL RESULT IN INVOLUNTARY
COLLECTION PROCEDURES AS PROVIDED BY THE LAW.

NOTE: Please Copy The Payment Stub For Your Records.

Table with 6 columns: Amount Due, Media #, Taxpayer ID #, Letter ID #, Date of Notice, TCA #

Amount Due \$18,232.00	Media # 1000177928	Taxpayer ID # 463142	Letter ID # L0400972544	Date of Notice 10-Jun-2022	TCA # 4
CHRIS JONES TITAN HEALTH, LLC 5825 DELMONICO DR STE 330 COLORADO SPRINGS CO 80919			Due Date: 20-Jun-2022 MAKE CHECKS PAYABLE TO: Manager of Finance OR Pay Online at www.DenverGov.org/ebizTax		
 1000177928					
Signature		Title		Date	

00100017792800018232005

**Universal Herbs
Outstanding Items with Tweedleaf and Affiliates
v06/30/2021**

Per Asset Purchase Agreement

Section 3.2 - Prorations		
Various administrative vendors like Comcast and WM		1,542.61
Section 3.3 - Inventory:		
Excessive cultivation inventory on hand at close at cost		156,992.00
Section 3.5 - Company Deposits:		
Commercial lease deposits (Jason, Park, Grow)		74,018.58
Post close January rents (Jason, Park, Grow)		15,375.70
	Subtotal:	<u>89,394.28</u>
	Total Per APA:	<u>247,928.89</u>

Per Management Contract with Lifestream Management, LLC:

Section III B, C, D		
Disputed bottom line recognitions of profit		undetermined

Per Wholesale Flower and Trim Trade Agreement with Xleaf Labs:

Imbalance of transfers from 39th Ave Grow to XLeaf Labs not delivered and made for sale at Universal Herbs:		132,285.00
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Overall: 380,213.89

Universal Herbs, LLC
Profit & Loss
October 2019 through December 2020

	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan '20 - Dec '20
Ordinary Income/Expense													
Income													
Retail Store Sales													
Jason Retail Sales	125,969	151,978	177,258	198,046	293,922	341,261	336,340	317,027	253,351	210,262	212,548	187,831	2,805,793
Park Ave Retail Sales	116,808	135,508	199,919	181,613	293,810	292,348	359,222	309,903	220,789	144,416	149,399	152,595	2,556,330
Loyalty Sales Discounts	-2,568	-2,600	-3,214	-2,655	-3,956	-6,078	-5,281	-5,663	-5,110	0	0	0	-37,125
Sales Discounts	-62,963	-75,698	-117,649	-96,171	-147,760	-135,952	-126,843	-76,181	-60,125	-60,025	-35,544	-30,865	-1,025,776
Total Retail Store Sales	177,246	209,188	256,314	280,833	436,016	491,579	563,438	545,086	408,905	294,653	326,403	309,561	4,299,222
Grow Wholesales													0
Cannabis Sales	16,033	20,468	71,577	45,050	31,825	0	0	0	0	0	40	0	184,993
Grow Wholesales - Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Grow Wholesales	16,033	20,468	71,577	45,050	31,825	0	0	0	0	0	40	0	184,993
Total Income	193,279	229,656	327,891	325,883	467,841	491,579	563,438	545,086	408,905	294,653	326,443	309,561	4,484,215
Cost of Goods Sold													0
Grow Operating Expenses													0
Contractor Labor	0	1,081	0	0	0	0	0	0	0	0	0	0	1,081
Excise Tax	19,171	26,213	27,596	28,292	39,870	35,210	30,724	11,381	21,117	24,588	19,414	30,874	314,450
License Fees	0	0	0	103	450	0	0	5,854	0	155	4,652	0	11,214
Materials & Supplies	25,174	25,399	27,010	39,337	42,368	35,180	59,593	49,563	46,167	62,595	59,273	44,951	516,610
Operating Equipment	0	0	0	0	0	1,000	0	1,118	7,311	1,391	407	0	11,227
Packaging	459	548	0	227	271	1,366	0	0	19	0	0	0	2,890
Grow Payroll Expenses													0
Grow Salaries & Wages	56,849	64,504	66,420	68,028	89,166	70,748	68,686	78,592	84,751	140,226	94,304	102,436	984,710
Grow Payroll Taxes	7,248	8,185	8,245	7,916	9,276	7,089	6,632	7,800	8,442	13,811	9,129	9,828	103,601
Total Grow Payroll Expenses	64,097	72,689	74,665	75,944	98,442	77,837	75,318	86,392	93,193	154,037	103,433	112,264	1,088,311
Professional Fees													0
Grow Consultant	0	3,000	0	0	0	0	0	0	0	0	0	0	3,000
Total Professional Fees	0	3,000	0	0	0	0	0	0	0	0	0	0	3,000
Rent Expense	49,745	53,084	50,245	50,250	51,752	50,245	50,250	63,680	52,600	52,500	52,088	52,088	628,527
Repairs & Maintenance	2,939	2,926	2,927	387	6,089	9,697	25,566	4,376	2,267	11,668	4,429	269,091	342,362
Testing	4,600	9,569	22,177	11,180	14,415	6,745	4,950	5,298	8,440	8,170	3,380	5,145	104,069
Utilities	29,349	30,463	32,835	28,698	29,707	33,756	34,646	34,245	36,141	31,891	32,522	32,593	386,846
Total Grow Operating Expenses	195,534	224,972	237,455	234,418	283,364	251,036	281,047	261,907	267,255	346,995	279,598	547,006	3,410,587
Retail Inventory Purchases													0
Accessories	498	780	954	155	1,382	2,975	5,724	6,365	798	1,536	1,407	0	22,574
Concentrates	1,800	3,876	24,585	9,093	60,850	10,342	25,415	31,055	21,235	-3,606	0	6,146	190,791
Edibles	0	3,530	11,771	3,507	5,610	8,648	12,073	17,873	10,212	-900	0	1,324	73,648
Flower Product	5,500	0	0	12,600	3,370	38,574	134,150	177,850	37,750	11,129	10,750	11,500	443,173
Packaging	2,740	1,132	1,657	1,251	1,961	2,588	3,980	4,457	2,470	472	0	574	23,182
Total Retail Inventory Purchases	10,538	9,318	38,967	26,606	73,073	63,127	181,342	237,600	72,465	8,631	12,157	19,544	753,368
Total COGS	206,072	234,290	276,422	261,024	356,437	314,163	462,389	499,507	339,720	355,626	291,755	566,550	4,163,955
Gross Profit	-12,793	-4,634	51,469	64,859	111,404	177,416	101,049	45,579	69,185	-60,973	34,688	-256,989	320,260
Expense													0
SG&A - Retail													0
Freight & Delivery	0	0	0	0	0	0	0	0	0	0	0	2,457	2,457
Dues & Subscriptions	0	0	0	0	0	0	0	0	0	0	0	7,855	7,855
Business Licenses and Permits	0	257	0	100	1,800	0	0	12,300	0	0	1,875	77	16,409
Computer and Internet Expenses	2,135	2,135	2,135	2,135	2,135	3,255	2,245	0	160	0	0	0	16,335
Employee Medical Expenses	0	0	0	0	0	0	0	0	0	100	1,434	0	1,534
Meals and Entertainment	0	0	0	0	0	0	0	0	0	0	0	0	0
Office Supplies	168	0	0	0	230	108	84	151	818	66	458	1,373	3,456
Payroll Expenses													0
Retail Staff Earnings	33,531	30,331	31,934	29,481	48,319	34,739	37,953	41,949	39,060	54,003	41,855	41,672	464,827
Retail Staff Taxes	4,294	3,874	4,050	3,688	5,698	3,985	4,157	4,468	4,024	5,609	4,307	4,745	52,899
Payroll Processing Expenses	776	114	123	120	123	118	141	131	0	0	0	0	1,646
Total Payroll Expenses	38,601	34,319	36,107	33,289	54,140	38,842	42,251	46,548	43,084	59,612	46,162	46,417	519,372
Postage and Delivery	0	0	0	0	0	0	0	0	0	0	0	0	0

Universal Herbs, LLC
Profit & Loss
October 2019 through December 2020

	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan '20 - Dec '20
Property Taxes	0	0	0	0	222	0	0	0	0	358	0	0	580
Rent Expense	15,585	15,804	15,804	15,549	15,585	15,610	15,585	16,004	16,481	15,527	16,004	16,004	189,542
Repairs and Maintenance	200	500	145	9	2,017	450	3,018	4,110	2,571	1,237	17,659	503	32,419
Retail Operating Equipment	0	0	0	0	500	1,700	500	2,796	0	0	0	0	5,496
Security	4,535	420	542	0	1,265	461	319	0	207	440	3,923	0	12,112
Store Expenses	46	55	350	346	264	885	2,356	1,631	1,196	2,373	1,355	-272	10,585
Utilities	3,136	2,386	2,170	1,598	2,268	2,277	1,705	1,120	2,499	616	2,195	-1,488	20,482
Total SG&A - Retail	64,406	55,876	57,253	53,026	80,426	63,588	68,063	84,660	67,016	80,329	91,065	72,926	838,634
SG&A - Corporate													0
Automobile Expense	0	0	574	85	0	0	449	0	1,530	1,630	2,478	2,162	8,908
Advertising and Promotion	4,790	4,395	6,250	6,550	6,321	7,522	6,306	6,365	4,053	2,085	8,124	4,195	66,956
Business Licenses & Permits	375	0	0	0	500	81	327	325	21	321	15,050	103	17,103
Dues and Subscriptions	0	0	298	285	0	349	0	412	4,706	2,587	2,595	0	11,232
Insurance Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense	0	560	1,026	480	509	472	399	0	0	5,198	0	0	8,644
Meals & Entertainment													0
Company Party	0	0	0	0	0	1,316	3,042	0	0	0	0	0	4,358
Meals & Entertainment - Other	0	0	104	90	745	744	352	1,280	1,311	1,442	464	557	7,089
Total Meals & Entertainment	0	0	104	90	745	2,060	3,394	1,280	1,311	1,442	464	557	11,447
Office Expenses	1,278	2,223	2,758	2,101	2,724	1,517	3,606	5,422	1,772	630	1,752	489	26,272
Professional Fees													0
Accountant	3,642	3,530	1,886	3,513	3,316	2,672	3,749	4,460	4,456	3,660	3,827	3,411	42,122
Attorneys	0	0	0	0	0	20,438	1,225	0	28,290	10,920	0	136,591	197,464
Broker Fees	0	1,160	5,392	2,802	2,918	0	0	0	0	0	0	0	12,272
Compliance	0	1,100	1,800	0	0	0	0	0	0	0	0	0	2,900
Consultant	16,427	21,799	13,406	9,761	16,410	38,893	19,789	59,141	16,151	65,202	38,354	391,070	706,403
Total Professional Fees	20,069	27,589	22,484	16,076	22,644	62,003	24,763	63,601	48,897	79,782	42,181	531,072	961,161
Total SG&A - Corporate	26,512	34,767	33,494	25,667	33,443	74,004	39,244	77,405	62,290	93,675	72,644	538,578	1,111,723
Uncategorized Expenses	0	0	0	744	0	0	0	0	0	4,010	1,123	6,662	12,539
Total Expense	90,918	90,643	90,747	79,437	113,869	137,592	107,307	162,065	129,306	178,014	164,832	618,166	1,962,896
Net Ordinary Income	-103,711	-95,277	-39,278	-14,578	-2,465	39,824	-6,258	-116,486	-60,121	-238,987	-130,144	-875,155	-1,642,636
Other Income/Expense													0
Other Income													0
Vendor Fee Income	0	0	0	0	0	0	359	335	0	0	0	0	694
ATM Income	538	442	557	639	375	658	698	792	714	605	604	732	7,354
Interest Income	30	3	0	0	0	6	19	12	3	4	1	2	80
Miscellaneous Income	45	0	0	0	0	0	0	0	0	0	0	0	45
Total Other Income	613	445	557	639	375	664	1,076	1,139	717	609	605	734	8,173
Other Expense													0
Bank Service Charges	53	661	328	110	227	110	219	654	110	1,579	1,504	2,749	8,304
Cash Over and Short	438	1,185	26	640	277	-901	-268	229	728	1,861	108	686	5,009
Fraudulent Expenses	0	0	0	0	0	26	-26	0	0	0	0	0	0
Penalties & Interest Expense	2,859	352	216	205	0	0	0	0	0	0	0	0	3,632
Total Other Expense	3,350	2,198	570	955	504	-765	-75	883	838	3,440	1,612	3,435	16,945
Net Other Income	-2,737	-1,753	-13	-316	-129	1,429	1,151	256	-121	-2,831	-1,007	-2,701	-8,772
Net Income	-106,448	-97,030	-39,291	-14,894	-2,594	41,253	-5,107	-116,230	-60,242	-241,818	-131,151	-877,856	-1,651,408
Remove MR Estate Activities >>>	0	0	0	0	-1,833	-25,903	-4,500	-50,000	-1,379	-56,279	-20,117	-845,541	-1,005,552
UHerbs Only Activities Bottom Line >>>	-106,448	-97,030	-39,291	-14,894	-761	67,156	-607	-66,230	-58,863	-185,539	-111,034	-32,315	-645,856

TITAN HEALTH @ 60%

Exh 10

	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	TOTAL	WC (60%)
Ordinary Income/Expense														
Income														
Retail Store Sales														
Total Income	193,279	229,656	327,891	321,083	467,841	491,579	563,438	545,086	408,905	294,653	323,576	307,461	4,474,448	2,684,669
Cost of Goods Sold														
Grow Operating Expenses														
Contractor Labor	0	1,081	0	0	0	0	0	0	0	0	0	0	1,081	649
Excise Tax	19,171	26,213	27,596	28,292	39,870	35,210	30,724	11,381	21,117	24,588	26,416	25,100	315,679	189,407
License Fees	0	0	0	103	450	0	0	5,854	0	135	654	0	7,818	4,691
Materials & Supplies	22,310	22,310	22,310	22,310	22,310	22,310	22,310	22,310	22,310	22,310	22,310	21,199	266,607	159,964
Operating Equipment	0	0	0	0	0	1,000	0	1,118	7,311	1,391	812	772	12,403	7,442
Packaging	459	548	0	227	271	1,366	0	0	19	0	217	206	3,313	1,988
Grow Payroll Expenses														
Grow Salaries & Wages	33,173	33,173	33,173	33,173	33,173	33,173	33,173	33,173	33,173	33,173	33,173	31,521	396,425	237,855
Grow Payroll Taxes	3,563	3,563	3,563	3,563	3,563	3,563	3,563	3,563	3,563	3,563	3,563	3,386	42,584	25,550
Growers														
Tax Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Professional Fees														
Grow Consultant	0	3,000	0	0	0	0	0	0	0	0	0	0	3,000	1,800
Rent Expense	49,745	53,084	50,245	50,250	51,752	50,245	50,250	63,680	52,600	52,500	52,435	50,245	627,031	376,219
Repairs & Maintenance	2,939	2,926	2,927	387	6,089	9,697	25,566	4,376	2,267	11,668	6,884	6,541	82,267	49,360
Testing	4,600	9,569	22,177	11,180	14,415	6,745	4,950	5,208	8,440	8,170	8,121	7,717	111,382	66,829
Utilities	29,349	30,463	27,835	28,698	29,707	33,756	34,648	34,245	36,141	31,891	28,506	27,066	372,323	223,394
Retail Inventory Purchases														
Accessories	498	780	954	155	1,382	2,975	5,724	6,365	798	1,536	2,117	2,099	25,383	15,230
Concentrates	1,800	3,876	24,585	9,093	60,850	10,342	25,415	31,055	21,235	-3,606	18,465	17,545	220,555	132,393
Edibles	0	3,530	11,771	3,507	5,610	8,648	12,073	17,873	10,212	-900	7,232	6,872	86,428	51,857
Flower Product	5,500	0	0	12,800	3,370	38,574	134,150	177,850	37,750	11,329	42,112	40,015	503,250	279,186
Packaging	2,740	1,132	1,657	1,251	1,861	2,588	3,980	4,457	2,470	472	2,261	2,148	27,017	16,210
	175,847	195,248	228,793	204,789	274,673	260,192	386,524	422,598	259,406	198,220	255,278	243,073	3,104,845	1,862,787
Gross Profit	17,432	34,408	99,098	116,294	193,168	231,387	176,914	122,488	149,499	96,433	66,298	64,388	1,369,803	821,882
Expense														
SG&A - Retail														
Business Licenses and Permits	0	257	0	100	1,800	0	0	12,300	0	0	0	0	14,457	8,674
Computer and Internet Expenses	2,135	2,135	2,135	2,135	2,135	3,255	2,245	0	160	0	0	0	16,335	9,801
Employee Medical Expenses	0	0	0	0	0	0	0	0	0	100	0	0	100	60
Meals and Entertainment	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office Supplies	168	0	0	0	230	108	84	151	818	66	0	0	1,625	975
Payroll Expenses														
Retail Staff Earnings	33,531	30,331	31,934	29,481	48,319	34,739	37,953	41,949	39,060	54,003	39,000	37,058	457,358	274,415
Retail Staff Taxes	4,294	3,874	4,050	3,688	5,698	3,985	4,157	4,468	4,024	5,605	4,239	4,028	52,110	31,266
Payroll Processing Expenses	776	114	123	120	123	118	141	131	0	165	0	165	1,976	1,185
Payroll Expenses - Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Postage and Delivery	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Property Taxes	0	0	0	0	222	0	0	0	0	358	58	55	893	416
Rent Expense	15,585	15,804	15,804	15,549	15,585	15,610	15,585	16,004	16,481	15,527	15,753	15,585	188,872	113,323
Repairs and Maintenance	200	500	145	9	2,017	450	3,018	4,110	2,571	1,237	1,426	200	15,883	9,530
Retail Operating Equipment	0	0	0	0	500	1,700	500	2,796	0	0	550	500	6,546	3,927
Security	4,535	420	542	0	1,265	461	319	0	207	440	819	440	9,448	5,669
Store Expenses	46	55	350	346	264	885	2,356	1,631	1,196	2,373	950	46	10,498	6,299
Utilities	3,136	2,386	2,170	1,598	2,268	2,277	1,705	1,120	2,499	616	1,978	3,136	24,889	14,933
Dues and Subscriptions	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Automobile Expense	0	0	574	85	0	0	449	0	251	525	0	0	1,884	1,130
Advertising and Promotion	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Business Licenses & Permits	375	0	0	0	500	81	327	325	21	321	0	375	2,325	1,395
Insurance Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Meals & Entertainment														
Company Party	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Meals & Entertainment - Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office Expenses														
Professional Fees														
Accountant	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Attorneys	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Broker Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Compliance	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Consultant	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expense	64,781	55,676	57,827	53,111	80,926	63,969	68,839	84,985	67,288	81,171	64,937	61,588	804,997	482,998
Net Ordinary Income	-47,349	-21,468	41,271	63,183	112,242	167,718	108,075	37,503	82,211	15,262	3,361	2,800	564,806	338,884
Other Income/Expense														
Other Income														
Vendor Fee Income	0	0	0	0	0	0	359	335	0	0	0	0	694	416
ATM Income	538	442	557	639	375	658	698	792	714	605	0	538	6,556	3,934
Interest Income	30	3	0	0	0	6	19	12	3	4	0	30	107	64
Miscellaneous Income	45	0	0	0	0	0	0	0	0	0	0	0	45	27
Total Other Income	613	445	557	639	375	664	1,076	1,139	717	609	0	613	7,447	4,468
Net Income	-46,736	-21,023	41,828	63,822	112,617	168,382	109,151	38,642	82,928	15,871	3,361	3,413	572,253	343,352

TOTAL HEALTH REVISED

Universal Herbs, LLC
Profit & Loss
October 2019 through October 2020

Exh 11

	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	TOTAL	JWC (50%)
Ordinary Income/Expense														
Income														
Retail Store Sales														
Total Income	193,279	229,656	327,891	321,083	467,841	491,579	563,438	545,086	408,905	294,653	323,576	307,461	4,474,448	2,237,224
Cost of Goods Sold														
Grow Operating Expenses														
Contractor Labor	0	1,081	0	0	0	0	0	0	0	0	0	0	1,081	541
Excise Tax	19,171	26,213	27,596	28,292	39,870	35,210	30,724	11,381	21,117	24,588	26,416	25,100	315,679	157,839
License Fees	0	0	0	103	450	0	0	5,854	0	135	654	621	7,818	3,909
Materials & Supplies	22,310	22,310	22,310	22,310	22,310	22,310	22,310	22,310	22,310	22,310	22,310	21,199	266,607	133,303
Operating Equipment	0	0	0	0	0	1,000	0	1,118	7,311	1,391	812	772	12,403	6,202
Packaging	459	548	0	227	271	1,366	0	0	19	0	217	206	3,313	1,656
Grow Payroll Expenses														
Grow Salaries & Wages	33,173	33,173	33,173	33,173	33,173	33,173	33,173	33,173	33,173	33,173	33,173	31,521	396,425	198,212
Grow Payroll Taxes	3,563	3,563	3,563	3,563	3,563	3,563	3,563	3,563	3,563	3,563	3,563	3,386	42,584	21,292
Growers														
Tax Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Professional Fees														
Grow Consultant	0	3,000	0	0	0	0	0	0	0	0	0	0	3,000	1,500
Rent Expense	49,745	53,084	50,245	50,250	51,752	50,245	50,250	63,680	52,800	52,500	52,435	50,245	627,031	313,516
Repairs & Maintenance	2,939	2,926	2,927	387	6,089	9,697	25,566	4,376	2,267	11,668	6,884	6,541	82,267	41,134
Testing	4,600	9,569	22,177	11,180	14,415	6,745	4,950	5,298	8,440	8,170	8,121	7,717	111,382	55,691
Utilities	29,349	30,463	27,835	28,698	29,707	33,756	34,646	34,245	36,141	31,891	28,506	27,086	372,323	186,162
Retail Inventory Purchases														
Accessories	498	780	954	155	1,382	2,975	5,724	6,365	798	1,536	2,117	2,099	25,383	12,691
Concentrates	1,800	3,876	24,585	9,093	60,850	10,342	25,415	31,055	21,235	-3,806	18,465	17,545	220,655	110,327
Edibles	0	3,530	11,771	3,507	5,610	8,648	12,073	17,873	10,212	-900	7,232	6,872	86,428	43,214
Flower Product	5,500	0	0	12,600	3,370	38,574	134,150	177,850	37,750	11,329	42,112	40,015	503,250	251,625
Packaging	2,740	1,132	1,657	1,251	1,861	2,588	3,980	4,457	2,470	472	2,261	2,148	27,017	13,509
Utilities	175,847	195,248	228,793	204,789	274,673	260,192	366,524	422,598	259,406	198,220	255,278	243,073	3,104,645	1,552,322
Gross Profit	17,432	34,408	99,098	116,294	193,168	231,387	176,914	122,488	149,499	96,433	88,298	64,385	1,369,803	684,902
Expense														
SG&A - Retail														
Business Licenses and Permits	0	257	0	100	1,800	0	0	12,300	0	0	0	0	14,457	7,229
Computer and Internet Expenses	2,135	2,135	2,135	2,135	2,135	3,255	2,245	0	160	0	0	0	16,335	8,168
Employee Medical Expenses	0	0	0	0	0	0	0	0	0	100	0	0	100	50
Meals and Entertainment	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office Supplies	168	0	0	0	230	108	84	151	818	66	0	0	1,625	813
Payroll Expenses														
Retail Staff Earnings	33,531	30,331	31,934	29,481	48,319	34,739	37,953	41,949	39,060	54,003	39,000	37,058	457,358	228,679
Retail Staff Taxes	4,294	3,874	4,050	3,688	5,698	3,985	4,157	4,468	4,024	5,605	4,239	4,028	52,110	26,055
Payroll Processing Expenses	776	114	123	120	123	118	141	131	0	0	165	165	1,976	988
Payroll Expenses - Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Postage and Delivery	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Property Taxes	0	0	0	0	222	0	0	0	0	358	58	55	693	347
Rent Expense	15,585	15,804	15,804	15,549	15,585	15,610	15,585	16,004	16,481	15,527	15,753	15,585	188,872	94,436
Repairs and Maintenance	200	500	145	9	2,017	450	3,018	4,110	2,571	1,237	1,426	200	15,883	7,941
Retail Operating Equipment	0	0	0	0	500	1,700	500	2,796	0	0	550	500	6,546	3,273
Security	4,535	420	542	0	1,265	461	319	0	207	440	819	440	9,448	4,724
Store Expenses	46	55	350	346	284	885	2,356	1,631	1,166	2,373	950	46	10,498	5,249
Utilities	3,136	2,386	2,170	1,596	2,266	2,277	1,705	1,120	2,499	616	1,978	3,136	24,889	12,444
Dues and Subscriptions	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Automobile Expense	0	0	574	85	0	0	449	0	251	525	0	0	1,884	942
Advertising and Promotion	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Business Licenses & Permits	375	0	0	0	500	81	327	325	21	321	0	375	2,325	1,163
Insurance Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Meals & Entertainment														
Company Party	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Meals & Entertainment - Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Professional Fees														

Universal Herbs, LLC
Profit & Loss
October 2019 through October 2020

	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	TOTAL	JWC (50%)
Accountant	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Attorneys	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Broker Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Compliance	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Consultant	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expense	64,781	55,876	57,827	53,111	80,926	63,669	68,839	84,985	67,288	81,171	64,937	61,588	804,997	402,499
Net Ordinary Income	-47,349	-21,468	41,271	63,183	112,242	167,718	108,075	37,503	82,211	15,262	3,361	2,800	564,805	282,403
Other Income/Expense														
Other Income														
Vendor Fee Income	0	0	0	0	0	0	359	335	0	0	0	0	694	347
ATM Income	538	442	557	639	375	658	698	792	714	605	0	538	6,556	3,278
Interest Income	30	3	0	0	0	6	19	12	3	4	0	30	107	54
Miscellaneous Income	45	0	0	0	0	0	0	0	0	0	0	0	45	23
Total Other Income	613	445	557	639	375	664	1,076	1,139	717	609	0	613	7,447	3,724
Net Income	-46,736	-21,023	41,828	63,822	112,617	168,382	109,151	38,642	82,928	15,871	3,361	0	3,413	286,127

Ex 12

Exh. 12

Invoice

Lifestream Management LLC

Date	Invoice #
5/28/2021	102001

Bill To
Universal Herbs LLC 5959 E. 39th Ave., Suite 102 Denver, CO 80207

P.O. No.	Terms	Project
	Past Due	

Quantity	Description	Rate	Amount
1	Lifestream Management's portion of Period Profits from FY2020	286,127.00	286,127.00
		Total	\$286,127.00

5:38 PM
09/10/21
Accrual Basis

Titan Health, LLC
Profit & Loss
January through June 2021

	Jan - Jun 21
Ordinary Income/Expense	
Income	
Cannabis-Medical	572,859.18
Cannabis-Rec	1,482,376.34
Non-Cannabis	24,026.29
Sales of Product Income	294,617.41
Uncategorized Income	0.00
Total Income	<u>2,373,879.22</u>
Cost of Goods Sold	
*Cost of Goods Sold	0.00
Cost of Goods Sold	1,384,843.29
Total COGS	<u>1,384,843.29</u>
Gross Profit	989,035.93
Expense	
50100 - Third Party Inv Sold	87,938.46
Advertising & Marketing	13,288.51
Bank Charges & Fees	18,248.06
Legal & Professional Services	24,650.55
Licenses & Fees	8,941.25
Meals & Entertainment	549.64
Office Supplies & Software	14,068.34
Other Miscellaneous Service Cos	12,496.00
Payroll Processing Fees	32,803.39
Reimbursable Expenses	2,124.84
Rent & Lease	354,548.49
Repairs & Maintenance	19,925.27
Salaries & Wages	212,013.46
Security Systems	2,964.88
Taxes & Licenses	1,963.60
Trash	8,613.00
Utilities	7,763.77
Total Expense	<u>822,901.51</u>
Net Ordinary Income	166,134.42
Other Income/Expense	
Other Expense	
Corporate Allocations In	241,403.00
Other Miscellaneous Expense	4,348.64
Total Other Expense	<u>245,751.64</u>
Net Other Income	<u>-245,751.64</u>
Net Income	<u><u>-79,617.22</u></u>

Gary Schwartz

From: Todd Miller <toddm@springfieldsliders.com>
Sent: Wednesday, June 8, 2022 3:57 PM
To: Gary Schwartz
Subject: Fwd: Titan Financials
Attachments: Income Statement- Titan June 30-2021.pdf; Balance Sheet- Titan June 30-2021.pdf

Sent from my iPhone

Begin forwarded message:

From: BRAD SOTOLOFF <bradsotoloff@comcast.net>
Date: June 8, 2022 at 5:52:29 PM EDT
To: toddm@springfieldsliders.com
Subject: Fwd: Titan Financials

----- Original Message -----

From: Todd Miller <toddm@tweedlife.com>
To: Brad Sotoloff <BradSotoloff@comcast.net>
Date: 09/22/2021 2:42 PM
Subject: Fwd: Titan Financials

Sent from my iPhone

Begin forwarded message:

From: John Kaweske <johnk@tweedlife.com>
Date: September 17, 2021 at 8:50:06 PM CDT
To: Todd Miller <toddm@tweedlife.com>
Subject: Fwd: Titan Financials

For review.

Kind regards,

John

Sent from my iPhone

Begin forwarded message:

From: Rao Asghar <raoa@tweedlife.com>
Date: September 17, 2021 at 6:15:25 PM MDT

To: John Kaweske <johnk@tweedlife.com>, Admin
Master <admin@tweedlife.com>

Subject: Titan Financials

John

Please see attached revised Financials after Allocations
in, also updated Machinery & Equipment, reclass new
Security System which was labeled as Expense..

Let me know if you have any questions or feedback.

--

Regards!

Rao Asghar, CPA
Business Consultant
CO MED LIC # M116957
(832) 882-8035

5:26 PM
09/10/21
Accrual Basis

Titan Health, LLC
Balance Sheet
As of June 30, 2021

	<u>Jun 30, 21</u>
ASSETS	
Current Assets	
Checking/Savings	
Herring Bank- 301	83,072.34
Total Checking/Savings	83,072.34
Accounts Receivable	
Accounts Receivable (A/R)	157,650.00
Total Accounts Receivable	157,650.00
Other Current Assets	
Due From Cosmic Light	46,000.00
Total Other Current Assets	46,000.00
Total Current Assets	286,722.34
Fixed Assets	
Leasehold Improvements	32,319.97
Machinery & Equipment	69,262.61
Total Fixed Assets	101,582.58
Other Assets	
Goodwill	3,250,000.00
Security Deposits	25,000.00
Total Other Assets	3,275,000.00
TOTAL ASSETS	<u>3,663,304.92</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	116,415.98
Total Accounts Payable	116,415.98
Other Current Liabilities	
Due to JW Colorado	368,539.26
Due to North Star Holdings	68,000.00
Sales Tax Payable	78,767.43
Total Other Current Liabilities	515,306.69
Total Current Liabilities	631,722.67
Long Term Liabilities	
Notes Payable	2,316,668.00
Total Long Term Liabilities	2,316,668.00
Total Liabilities	2,948,390.67
Equity	
Owner's Investment	830,141.57
Retained Earnings	-35,610.10
Net Income	-79,617.22
Total Equity	714,914.25
TOTAL LIABILITIES & EQUITY	<u>3,663,304.92</u>

Gary Schwartz

From: Todd Miller <toddm@springfieldsliders.com>
Sent: Wednesday, June 8, 2022 3:57 PM
To: Gary Schwartz
Subject: Fwd: Titan Health March Financial Statements
Attachments: Titan March 2022 PNL.pdf; Titan March 2022 BS.pdf

Sent from my iPhone

Begin forwarded message:

From: Brad Sotoloff <BradSotoloff@comcast.net>
Date: June 8, 2022 at 5:45:38 PM EDT
To: toddm@springfieldsliders.com
Subject: **FW: Titan Health March Financial Statements**

Sent from Mail for Windows

From: Todd Miller
Sent: Thursday, May 12, 2022 5:44 PM
To: Brad Sotoloff
Subject: Fwd: Titan Health March Financial Statements

Lol idk why they even send this trash over they may as well send nothing.

Sent from my iPhone

Begin forwarded message:

From: Alta Werckman <altaw@tweedlife.com>
Date: May 12, 2022 at 5:12:22 PM EDT
To: Todd Miller <toddm@tweedlife.com>, John Kaweske <johnk@tweedlife.com>, Admin Master <admin@tweedlife.com>, Rao Asghar <raoa@tweedlife.com>
Subject: **Titan Health March Financial Statements**



Virus-free. www.avast.com

10:51 AM
05/12/22
Cash Basis

Titan Health, LLC
Balance Sheet
As of March 31, 2022

	Mar 31, 22
ASSETS	
Current Assets	
Checking/Savings	
10000 · BANKING	
10005 · HERRING BANK	-143,467.50
Total 10000 · BANKING	-143,467.50
Total Checking/Savings	-143,467.50
Accounts Receivable	
12000 · Accounts Receivable	-50.00
Total Accounts Receivable	-50.00
Other Current Assets	
12600 · SWEEP ACCOUNT	18,219.86
15000 · FIXED ASSETS	
15500 · LEASEHOLD IMPROVEMENTS	32,319.97
15400 · MACH AND EQUIP	192,580.61
Total 15000 · FIXED ASSETS	224,900.58
14000 · DUE FROM	
14280 · DUE FROM COSMIC LIGHT	46,000.00
Total 14000 · DUE FROM	46,000.00
Total Other Current Assets	289,120.44
Total Current Assets	145,602.94
Other Assets	
18100 · GOODWILL	3,250,000.00
Total Other Assets	3,250,000.00
TOTAL ASSETS	3,395,602.94
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20005 · Accounts Payable	141,178.11
Total Accounts Payable	141,178.11

10:51 AM
05/12/22
Cash Basis

Titan Health, LLC
Balance Sheet
As of March 31, 2022

	<u>Mar 31, 22</u>
Credit Cards	
Titan Health LLC	106,369.01
Total Credit Cards	106,369.01
Other Current Liabilities	
23000 · DUE TO	
23010 · AJC INDUSTRIES LLC	27,328.83
23060 · DUE TO JW COLORADO	1,571,269.86
23110 · DUE TO NORTH STAR HOLDINGS	194,167.90
Total 23000 · DUE TO	1,792,766.59
25500 · SALES TAX PAYABLE	52,655.22
Total Other Current Liabilities	1,845,421.81
Total Current Liabilities	2,092,968.93
Long Term Liabilities	
29400 · Notes Payable	1,912,143.14
Total Long Term Liabilities	1,912,143.14
Total Liabilities	4,005,112.07
Equity	
30000 · Opening Balance Equity	
30100 · Owner's Investment	830,141.57
Total 30000 · Opening Balance Equity	830,141.57
32000 · Retained Earnings	-732,913.90
Net Income	-706,736.80
Total Equity	-609,509.13
TOTAL LIABILITIES & EQUITY	3,395,602.94

10:50 AM
05/12/22
Cash Basis

Titan Health, LLC
Profit & Loss
January through March 2022

	Jan - Mar 22
Ordinary Income/Expense	
Income	
40000 · INCOME	
40115 · INCOME - ACCESSORY SALES	4,462.16
40100 · INCOME - MEDICAL CANNABIS SALES	62,678.68
40110 · INCOME - REC CANNABIS SALES	334,440.17
Total 40000 · INCOME	401,581.01
Total Income	401,581.01
Cost of Goods Sold	
50000 · COGS	
50100 · THIRD-PARTY INVENTORY SOLD	79,328.41
53100 · FACILITIES - RENT	315,475.20
54300 · INSURANCE	31,822.72
52500 · CULTIVATION - LAB TESTING	9,548.50
52890 · UTILITIES	4,286.98
53500 · TRASH	2,424.91
53600 · SECURITY SYSTEM	1,293.41
53000 · REPAIRS & MAINTENANCE	21,287.10
51050 · CULTIVATION LABOR EXPENSES	238,522.61
52895 · COGS-CULT-EXCISE TAXES	181,072.66
52300 · CULTIVATION - MATERIAL AND SUPP	41,876.16
51100 · CULTIVATION PAYROLL TAXES	23,080.41
Total 50000 · COGS	950,019.07
Total COGS	950,019.07
Gross Profit	-548,438.06
Expense	
60000 · EXPENSES	
60210 · LEGAL & PROFESSIONAL SERVICES	295.00
60125 · BANK CHARGES & FEES	13,951.84
60410 · RENT & LEASE	51,224.10
64020 · OTHER MISCELLANEOUS SERVICE COS	219.00
60160 · OFFICE SUPPLIES & SOFTWARE	555.00
60145 · LICENSES & FEES	25.00
63000 · PAYROLL EXPENSES	
60140 · PAYROLL PROCESSING FEES	4.00
63010 · RETAIL WAGES & SALARIES	84,354.89
63015 · PAYROLL TAX EXPENSE RETAIL	8,239.91
Total 63000 · PAYROLL EXPENSES	92,598.80
Total 60000 · EXPENSES	158,868.74

10:50 AM
05/12/22
Cash Basis

Titan Health, LLC
Profit & Loss
January through March 2022

	<u>Jan - Mar 22</u>
Interest Paid	69.33
Total Expense	<u>158,938.07</u>
Net Ordinary Income	-707,376.13
Other Income/Expense	
Other Expense	
80000 · OTHER EXP/INCOME	
80100 · CASH (OVER)/SHORT	-639.33
Total 80000 · OTHER EXP/INCOME	<u>-639.33</u>
Total Other Expense	<u>-639.33</u>
Net Other Income	639.33
Net Income	<u><u>-706,736.80</u></u>



Bill Mellenthin <billm@uherbs.net>

Reconciliation to Rao Spreadsheet

5 messages

Bill Mellenthin <billm@uherbs.net>
To: Eric Wilson <ericw@tweedlife.com>

Fri, Mar 26, 2021 at 10:41 AM

Bill Mellenthin
Controller
Universal Herbs, LLC
818.445.5403 **UHerb Financials - v03.09.2021.xlsx**
69K**Eric Wilson** <ericw@tweedlife.com>
To: Bill Mellenthin <billm@uherbs.net>

Mon, Apr 5, 2021 at 12:27 PM

If you could provide the GL detail that supports the balances of the P&L, that would be helpful. Otherwise its hard to see what was pulled out and what it consisted of.

Let me know if you have any questions or concerns.

[Quoted text hidden]

--

Regards,

Eric Wilson
Director of Finance
All Tweedleaf Companies & Affiliates
Corporate Offices
5495 N. Academy Blvd.
Colorado Springs, CO 80918**Bill Mellenthin** <billm@uherbs.net>
To: Eric Wilson <ericw@tweedlife.com>
Cc: Gary Schwartz <gary@bcls-cpa.com>

Mon, Apr 5, 2021 at 1:14 PM

Eric,

No problem. How about I send you the QBs file? Are you able to work with a QB Desktop Pro 2020 file?

Regards,

Bill Mellenthin
Controller
Universal Herbs, LLC
818.445.5403

[Quoted text hidden]

Eric Wilson <ericw@tweedlife.com>
To: Bill Mellenthin <billm@uherbs.net>
Cc: Gary Schwartz <gary@bcls-cpa.com>

Mon, Apr 5, 2021 at 1:26 PM

That should work. Thank you.

[Quoted text hidden]

Mon, Apr 5, 2021 at 2:24 PM

Bill Mellenthin <billm@uherbs.net>

To: Eric Wilson <ericw@tweedlife.com>

Attached. Let me know what questions you may have. Password is Fall2019.

Bill Mellenthin
Controller
Universal Herbs, LLC
818.445.5403

[Quoted text hidden]

 **03-09-21 Working File Universal Herbs, LLC (Portable).QBM**
16059K

Gary Schwartz

From: Gary Schwartz
Sent: Friday, May 20, 2022 2:41 PM
To: John Kaweske; Gary Schwartz; Jean Gonnell (jean@jesglegal.com); John Chanin (jchanin@fostergraham.com)
Subject: Universal Herbs grow

John, per our conversation today, I am seeking you immediate conferral on my immediate appointment back as the Receiver for the Universal Herbs assets securing the note with Titan Health.

I also informed you that I had heard that you were shutting down the grow on 39th and terminating all of the employees. I also understand that you owe material amounts to the various taxing authorities that will also impact the licenses.

I would strongly encourage you not to take any actions that will impact the value of the collateral securing the Titan Health notes to the Receivership.

I look forward to hearing back from you today about your conferral on our Motion.



Betzer
Call
Lausten
Schwartz

Gary M. Schwartz, CFE
Managing Partner

NEW ADDRESS:

Betzer Call Lausten & Schwartz, LLP
633 17th St, Ste 2250 Denver, CO 80202
Main: 303.296.2900 / Direct: 303.407.8010 / Cell: 303.895.5432
gary@bcls-cpa.com

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Gary Schwartz

From: Arie Angello <ariae@tweedlife.com>
Sent: Thursday, May 26, 2022 12:07 PM
To: Gary Schwartz
Subject: Fwd: Inventory

Ask from John to transfer all product in the facility

On Tue, May 24, 2022, 2:17 PM John Kaweske <johnk@tweedlife.com> wrote:
Please move all inventory from Titan to JW Colorado in tomorrow's pickup from Dylan.

Thank you,

John



John Kaweske
Chief Executive Officer

Email: johnk@tweedlife.com
Phone: 719-345-5343

5825 Delmonico Drive, Suite 330
Colorado Springs, CO 80918
www.tweedlife.com

Gary Schwartz

From: Arie Angello <ariae@tweedlife.com>
Sent: Thursday, May 26, 2022 12:09 PM
To: Gary Schwartz
Subject: Fwd: 39th Street Grow Closure

Email from John asking me to start the shut down procedures of the company.



Arie Angello
Director of Cultivation
Email: ariae@tweedlife.com
Phone: 303-909-7609
www.tweedlife.com

----- Forwarded message -----

From: Kevin Ferrari <kevinf@tweedlife.com>
Date: Sun, May 22, 2022 at 9:25 AM
Subject: Re: 39th Street Grow Closure
To: John Kaweske <johnk@tweedlife.com>
Cc: Arie Angello <ariae@tweedlife.com>, Admin Master <admin@tweedlife.com>

Lets chat monday regarding disbursement of some tables and other equipment/supplies. I have an idea for a boulder that I would like to discuss.



Kevin Ferrari
Cultivation Assessor
Email: kevinf@tweedlife.com
Phone: 650-868-6184
www.tweedlife.com

On Sat, May 21, 2022 at 5:57 PM John Kaweske <johnk@tweedlife.com> wrote:
Thanks Aire,

Let's keep all the Flower going for now. Maybe update on this if I know more. Trinidad needs tables for the veg. So let's start figuring out how many they need and bringing there is ready.

Was thinking Boulder but if Jim goes to Trinidad Springs may be work perfect.

Kind regards,

John

Sent from my iPhone

On May 20, 2022, at 11:04 AM, Arie Angello <ariae@tweedlife.com> wrote:

Good Morning John,

I wanted to update you on our progress so far. I let the whole team know this morning that we will be shutting down in 30 days or so. We have stopped all veg production and are starting to take tables and lights down. I am having my team clean the tables as well. I have a few questions for you as far as existing plants are concerned. I researched the law for transferring plants between facilities as well and found that as soon as a tag is affixed to the plant it is no longer possible to transfer between facilities compliantly, also the law states that any plants over 8 inches must have a tag affixed in order to stay compliant. My plan is to clone to kill the majority of my veg plants due to this law so we can transfer them to other facilities, specifically strains that we only have here such as the Titan OG cut that we have.

Also, for the rooms that are in flower and will not finish in 30 days, what would you like for me to do with those plants? I can either kill off the rooms that will not finish, which would free up the flower team to help with the removal of everything in the facility, or harvest them early for fresh frozen. Let me know which one you would rather I do.

I had another question for you as well, when Titan does shut the doors, where will I be going? Boulder and the Springs are pretty similar in terms of commute, so I would be willing to go to either one. I just would like to know so I can start planning for child care and things of that nature being my commute will be doubled either way and my wife will be bed ridden for the next 3 months or so.

Thank you,



Arie Angello
Director of Cultivation
Email: ariae@tweedlife.com
Phone: 303-909-7609
www.tweedlife.com

On Thu, May 19, 2022 at 7:31 PM Arie Angello <ariae@tweedlife.com> wrote:
Understood, I will start my team on this tomorrow

On Thu, May 19, 2022, 6:56 PM John Kaweske <johnk@tweedlife.com> wrote:

Dear Arie,

Per our conversation today. We need to start immediately working on the shut down and removal of all assets from the building. Let's stop Veg immediately. I would like to see the equipment in Veg rooms immediately moved out. Light Fixtures, Tables anything of value. Trinidad Veg can use tables as well. So we need to transport some things to Trinidad and some to Ordway.

Lets make sure we make weekly progress. We don't know how long we will have but I anticipate about 30 days.

Kind regards,

John



John Kaweske
Chief Executive Officer

Email: johnk@tweedlife.com
Phone: 719-345-5343

5825 Delmonico Drive, Suite 330
Colorado Springs, CO 80918
www.tweedlife.com

Gary Schwartz

From: Arie Angello <ariae@tweedlife.com>
Sent: Thursday, May 26, 2022 12:10 PM
To: Gary Schwartz
Subject: Fwd: Asset Movement Plan

Ask from John to move all assets



Arie Angello
Director of Cultivation
Email: ariae@tweedlife.com
Phone: 303-909-7609
www.tweedlife.com



----- Forwarded message -----

From: John Kaweske <johnk@tweedlife.com>
Date: Mon, May 23, 2022 at 7:24 AM
Subject: Asset Movement Plan
To: Arie Angello <ariae@tweedlife.com>
Cc: Carolina ❤️ <admin@tweedlife.com>, Donald Stabley <dons@tweedlife.com>

Good Morning Arie,

Please have an Asset movement plan coordinated with Don to move all equipment from the facility.

Let's also have a plan to move all flower inventories.

Kind regards,

John

Sent from my iPhone

Gary Schwartz

From: Arie Angello <ariae@tweedlife.com>
Sent: Thursday, May 26, 2022 12:11 PM
To: Gary Schwartz
Subject: Fwd: Genetics

Ask from John to move genetics



Arie Angello
Director of Cultivation
Email: ariae@tweedlife.com
Phone: 303-909-7609
www.tweedlife.com

----- Forwarded message -----

From: John Kaweske <johnk@tweedlife.com>
Date: Mon, May 23, 2022 at 7:09 AM
Subject: Re: Genetics
To: Arie Angello <ariae@tweedlife.com>
Cc: Kevin Ferrari <kevinf@tweedlife.com>, Carolina  <admin@tweedlife.com>

We need a plan that maintains strain variety with only the three grows.
Trinidad and Cosmic should be producing 100% Rec.

Kind regards,

John

Sent from my iPhone

On May 22, 2022, at 2:35 PM, Arie Angello <ariae@tweedlife.com> wrote:

Sounds good, I have started taking cuts of Titan and tropaya already, as well as our three that just tested over 30% on potency this week. I will have a written plan for you by the end of day tomorrow.

On Sun, May 22, 2022, 2:31 PM John Kaweske <johnk@tweedlife.com> wrote:

Hi Arie,

I want to make sure Trinidad has all the top genetics from Titan. Please share with me the list. Also Durango/Cosmic for Medical.

Let's have a written plan by tomorrow.

Thanks,

John

Sent from my iPhone

Gary Schwartz

From: Arie Angello <ariae@tweedlife.com>
Sent: Thursday, May 26, 2022 12:14 PM
To: Gary Schwartz
Subject: Fwd: Titan asset distribution

Follow up email to our former director of retail, trying to work out a plan per John Kaweske's instruction.



Arie Angello
Director of Cultivation
Email: ariae@tweedlife.com
Phone: 303-909-7609
www.tweedlife.com



----- Forwarded message -----

From: Arie Angello <ariae@tweedlife.com>
Date: Mon, May 23, 2022 at 9:58 AM
Subject: Titan asset distribution
To: Donald Stabley <dons@tweedlife.com>, John Kaweske <johnk@tweedlife.com>, Kevin Ferrari <kevinf@tweedlife.com>

Good Morning Don,

I am currently getting a list together of all assets in the Titan cultivation facility. My understanding is that we want to move as much as we can to other facilities and we will need to figure out transportation for said assets. I should have my list completed by Wednesday at the latest. Once I have completed that, I would like to set up a meeting with you to schedule transportation as well as where everything needs to go.

I am also working on a list of our strains to distribute to other facilities, these will also need transport, so I would like to discuss that with you as well. Would Thursday be a good day to meet? I should have a good idea of what all we have in the facility and where it all needs to go by then. If that doesn't work for you, please let me know so we can find a time that works.

Thank you,



tweedleaf



Arie Angello
Director of Cultivation
Email: aria@tweedlife.com
Phone: 303-909-7609
www.tweedlife.com
