

## FRANCHISE DISCLOSURE DOCUMENT

	BELLACINO'S <sup>®</sup> , INC. DBA: Bellacino's Pizza & Grinders 10096 Shaver Road Portage, MI 49024 (877) 379-0700 matt.losik@bellacinos.com <a href="http://www.bellacinos.com">www.bellacinos.com</a>
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As a Bellacino's Pizza & Grinders franchisee, you will offer pizza, grinders, salads, and soft drink refreshments in a sit-down atmosphere or for take-out, under the Mark "Bellacino's Pizza & Grinders."

The total investment necessary to begin operation of a Bellacino's Pizza & Grinders franchised restaurant is from \$311,000 to \$477,400. This includes \$35,000 and \$5,000 that must be paid to the franchisor as described in Item 5. If you sign a development agreement, the investment range is: \$333,500 - \$499,900.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Matthew Losik at 877-379-0700 or email us at [matt.losik@bellacinos.com](mailto:matt.losik@bellacinos.com)

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

ISSUANCE DATE: March 28, 2025

## How to Use This Franchise Disclosure Document

**Here are some questions you may be asking about buying a franchise and tips on how to find more information:**

<b>QUESTION</b>	<b>WHERE TO FIND INFORMATION</b>
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit B-1
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit C includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Bellacino's Pizza & Grinders business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Bellacino's Pizza & Grinders franchisee?	Item 20 or Exhibit B-1 lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need To Know About Franchising Generally

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

**Competition from franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

**When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

### Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda at Exhibit G.

## Special Risks to Consider About This Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Michigan. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Michigan than in your own state.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

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**Exhibits**

- A List of State Agencies/Agents for Service of Process
- B-1 List of Bellacino’s Franchisees
- B-2 Franchisee List - Transferred, Closed/Terminated Franchisees in the past 3 years
- C Financial Statements and Auditor’s Report
- D Standard Franchise Agreement
- D-1 Development Agreement
- D-2 To Area Development Agreement – Sample of General Release
- E Operating Manual Table of Contents
- F State Addenda and Agreement Riders
- G Copies of Logo’s and Trademarks  
Receipt Pages 1 & 2

**Item 1**  
**THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

The Franchisor is Bellacino's, Inc. For ease of reference, Bellacino's, Inc. will be referred to as "we," "us" or "Bellacino's" in this Disclosure Document. We will refer to the person or entity to which we grant the franchise as "you" throughout the Disclosure Document. If you are a corporation, partnership, or a limited liability company, certain provisions of the agreement also apply to your owners and will be noted. We are a Michigan corporation incorporated in 1993. We do business as Bellacino's, Inc. Our principal business address is 10096 Shaver Road, Portage, Michigan 49024. We are a company, which develops and grants franchises for the operation of restaurants known as Bellacino's Pizza and Grinders.

**Predecessors and Affiliates**

Bellacino's, Inc. has no parents, predecessors or affiliates significant to the franchise.

**Agent for Service of Process**

Bellacino's agents for service of process are disclosed in Exhibit A.

**Prior Experience**

Bellacino's, Inc. does not currently own or operate any company owned Bellacino's Pizza and Grinders Restaurants. However, our founders and several officers of Bellacino's have provided consulting services to others in the setup and initial operations of more than 150 pizza and grinder style restaurants since 1978. We have been granting Bellacino's franchises since 1997. Bellacino's, Inc. has not offered franchises in any other line of business.

**The Business We Offer**

We grant to qualified persons franchises to open and operate Bellacino's Pizza and Grinders Restaurants in accordance with the terms of our Franchise Agreement. The restaurants are characterized by a unique system which includes special recipes for pizza and grinders; distinctive design, decor, color scheme and furnishings; standards, specifications and procedures for operations; procedures for quality control; training and assistance; and advertising and promotional programs (the "System.") The restaurants have sit-down facilities and offer carryout service. The restaurants may offer delivery service. The restaurants offer limited table service.

Sales are not typically seasonal. We strive to compete effectively within our segment of the restaurant industry by determining who our customers are and continually evaluating our products and introducing programs to broaden our appeal to our customers by offering competitive prices and efficient, courteous service in a pleasant, attractive atmosphere. The market for restaurants featuring pizza and grinders is developed, very competitive and does not sell primarily to a certain group. Bellacino's Pizza and Grinders Restaurants will compete with national chains, independently owned restaurants and restaurants, which are part of local and regional chains. Bellacino's Pizza and Grinders Restaurants also compete with fast food and other restaurants, which feature items other than pizza and grinders.

If qualified, you may enter into a Development Agreement, for the development of a prescribed number (three minimum) of Bellacino's Pizza and Grinders Restaurants in a designated geographical area, a "Franchised Area." Under this arrangement, you must open and operate a specified number of Bellacino's Pizza and Grinders Restaurants in the Franchised Area within a given period of time, depending upon the population of the area and its market potential. Under the Development Agreement, you must sign our then current form of Franchise Agreement for each restaurant, which you open as a franchisee within your Franchised Area. The information contained in this Disclosure Document is applicable to a franchisee opening a single unit and a franchisee entering into a Development Agreement.

### **Applicable Regulations**

The restaurant industry is heavily regulated. Many of the laws, rules and regulations that apply to businesses generally have particular applicability to restaurants. You should consider these laws and regulations when evaluating a Bellacino's Pizza and Grinders Restaurant.

You cannot serve alcoholic beverages at your Bellacino's Pizza and Grinders Restaurant without first complying with all applicable state regulations and you must first obtain our prior written consent to sell alcoholic beverages.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce regulations that govern food preparation and service and restaurant sanitary conditions. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations.

The Federal Clean Air Act and various state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particles, including caps on emissions from commercial food preparation. Some state and local governments have also adopted proposals that regulate indoor air quality, including the limitation of smoking tobacco products in public places such as restaurants.

## **Item 2 BUSINESS EXPERIENCE**

### **DAN WARNAAR – President**

Dan has been involved with Bellacino's since 1993 and has held his current position since April 2024. From 1994 until 2024, Dan was Franchise Operations Director. Dan received his BS degree from Western Michigan University (Engineering Technology Curriculum) in 1994.

### **MATTHEW LOSIK – Executive Vice President**

Matthew joined Bellacino's in April 2022 and became Executive Vice President in May 2022. Before joining Bellacino's full-time, Matthew worked in sales and marketing for Armstrong International in Three Rivers, MI, from July 2019 until May 2022. From May 2017 until July 2019, Matthew worked with Mortgage One in Portage, MI.

### **MORGAN RICE – Secretary/Treasurer**

Morgan is the Secretary/Treasurer of Bellacino's and has held her position since March 2022. From October 2020 to March 2022, Morgan worked with Fresenius Kidney Care in Kalamazoo, MI. Morgan graduated from Michigan State University in August 2020.

JASON PESOLA – Director of Marketing

Jason joined Bellacino's in January 2005. Jason worked with Mancino's Pizza & Grinders from January 1995, as well as Bellacino's Pizza & Grinders from January 2005, in Taylor, MI for ten years before joining Bellacino's. Jason owns Moguls Inc., an advertising and marketing company in Michigan since 1999.

**Item 3  
LITIGATION**

No litigation information is required to be disclosed in this Item.

**Item 4  
BANKRUPTCY**

No bankruptcy, U.S. or foreign, is required to be disclosed in this Item.

**Item 5  
INITIAL FEES**

Initial Franchise Fee

You must pay a **lump sum Initial Franchise Fee of \$35,000** when you sign the Franchise Agreement. The Initial Franchise Fee is **uniform, fully earned upon payment, and nonrefundable**.

We reserve the right to adjust the Initial Franchise Fee from time to time as business circumstances warrant.

\$5,000 to be paid to us for the initial marketing to be developed and paid for by our National Marketing Fund.

Development Agreement & Development Fee

If we grant you the right to open two (2) or more Franchised Businesses under a Development Agreement, you must pay a **one-time Development Fee** when you sign the Development Agreement. The Development Fee is based on the number of Franchised Businesses you are authorized to develop within your Development Area, calculated as follows:

- \$35,000 for the first restaurant;
- \$25,000 for the second restaurant; and
- \$20,000 for each additional restaurant.

You must sign the Development Agreement and pay **fifty percent (50%) of the Development Fee at the time of signing**. The remaining balance is due when you sign each new Franchise Agreement for the additional restaurants before beginning development.

You will be required to execute our then-current form of Franchise Agreement for each Franchised Business you develop, including the first restaurant, which must be signed concurrently with the Development Agreement. At that time, you will also pay the balance of the Initial Franchise Fee applicable to that location.

The initial fifty percent (50%) portion of the Development Fee for each additional restaurant is **fully earned upon payment** and serves to secure your exclusive development rights in the agreed territory. This amount will not be refunded under any circumstances, even if the Initial Franchise Fee increases in the future.

There are no other fees that you will pay to Bellacino's prior to opening your Restaurant. Bellacino's has no affiliates as stated in Item 1, that you must make payments to prior to opening your Restaurant. All additional payments and purchase required by you prior to opening your Restaurant will be made to independent sources such as the landlord, approved suppliers, insurance companies, utility companies and other various suppliers and are typically not refundable.

## Item 6 OTHER FEES

### Franchise Agreement

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Continuing Royalty Fee	5% of Net Sales <sup>1</sup> of the restaurant	Payable on the 5 <sup>th</sup> of the month, beginning the 1st month after opening for business	We will debit your bank account for Continuing Fees <sup>2</sup>
Advertising Fund	1% of Net Sales of the restaurant <sup>2</sup>	Payable on the 5 <sup>th</sup> of the month, beginning the 1st month after opening for business	We will debit your bank account for Advertising Fees <sup>3</sup>
Advertising Cooperatives	Up to 2% <sup>3</sup> of the annual net sales of the restaurant for advertising and promotion	As designated by cooperative	We reserve the right to require that you participate in local and regional advertising cooperatives in connection with the advertising and promotional programs administered by us or by

<b>Type of Fee<sup>1</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
			other franchisees of the System or, in the event no such cooperative has been established, to require you to conduct local advertising for your restaurant.
Technology Fee	\$550 per month	To be collected with the Royalty Fee	The Technology Fee covers the following: Online Ordering Platform, Customer Loyalty Platform, Gift Card Platform, Inventory Control System, SEO, Nutrition Analysisist Software, Email, Website page
Inspections	Will vary under circumstances	As incurred	Includes all travel expenses, room and board and compensation of our employees.
Audit Expenses	Cost of audit, charges of employees, understatement plus interest at 1.5% per month	5 days after receipt of final audit	Payable only if understatement greater than 2% or made necessary by your failure to submit reports.
Transfer Fee	\$5,000	Prior to transfer	Payable when the Franchise Agreement, or the assets of a restaurant or any ownership interest is transferred.
Training Fees	None for initial training Not to exceed \$500 per day	Upon registration for class	We may require that you attend supplemental or additional training classes. You will be responsible for the cost of such additional or supplemental programs and for all other expenses incurred.
Supplemental or Additional Training	Reasonable costs, not to exceed \$500 per day.	As incurred	You are also responsible for all travel, living expenses and

<b>Type of Fee<sup>1</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
			compensation of you and your employees who attend training at our facilities
Assistance and support at your location	Reasonable costs, not to exceed \$500 per day. Plus, our travel related expenses and lodging.	As incurred	If you request a Bellacino's team member to provide additional training at your facility after the initial training has been provided.
Interest on Late Payments	Lesser of 1.5% per month or highest legal rate for open account business credit in the state in which restaurant is located	As incurred	Payable on all overdue amounts.
Pre-Opening Advertising	\$5,000 - \$10,000 (estimate)	Thirty (30) days prior to restaurant opening	Also noted in Item 7 for estimated initial investment.
Insurance	\$3,500 - \$7,000	Prior to restaurant opening/sale	Annual Insurance for restaurant
Charges for Testing and Evaluation	Will vary under circumstances	As incurred	We reserve the right from time to time to examine the facilities of any approved supplier or distributor used by you, and to conduct reasonable testing and inspection of the ingredients, materials or supplies to determine whether they meet our standards and specs.
Software upgrades and support	Will vary and some fees are optional. From \$500 to \$2,000 annually	As incurred	Optional maintenance and upgrades for the Point of Sale systems are optional and outlined in Item 11.
Indemnification	Will vary under circumstances	As incurred	You have to indemnify and hold us harmless if we are held liable for claims arising from your restaurant's operations.

<b>Type of Fee<sup>1</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Costs of Enforcement	Will vary under circumstances	As incurred	Payable if incurred by us in obtaining injunctive or other relief for the enforcement of any term of the Franchise Agreement.
Note: Except for insurance, products and service purchases described in Item 8 and Item 11, and except as otherwise noted in the Remarks Section of this Item 6, all fees are uniformly imposed by and collected by are paid to us. Except as noted above, All fees are non-refundable			

1. Net Sales is defined as the total receipts from all sales by the restaurant of all pizza, grinders, beverages and other products or services authorized for sale at the restaurant, but exclusive of sales and equivalent taxes and coupons and similar discounts approved by us. Premium items or similar items must be included in computing royalty sales unless these items have been sold at or below cost.

2. We require you to participate in the electronic funds transfer program under which we will automatically deduct payments for royalty fees and advertising contributions from your bank account.

3. Bellacino's will not obligate you under the terms of Paragraph 13.2 of the Franchise Agreement to contribute in a calendar year more than two percent (2%) of the annual net sales of the restaurant for advertising and promotion.

4. Each of our affiliates operating in the Advertising Coverage Area will have one vote as will each franchisee in the system.

Except as noted above, there are no recurring or isolated fees or payments to be made by you under the Franchise Agreement. However, you will incur such other recurring or isolated fees and payments as required by our then-current Franchise Agreement in connection with the restaurants, which you open in your approved area.

#### **Development Agreement**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Supplemental or Additional Training	Reasonable costs, not to exceed \$500 per day.	As incurred	You also are responsible for all travel, living expenses and compensation of you and your employees
Assistance After Initial Training	Reasonable costs, not to exceed \$500 per day and travel and lodging	As incurred	If you request additional training at your location after the initial training as outlined in Item 11 – Training Chart
Costs of Enforcement	Will vary under circumstances	As incurred	Payable if incurred by us in obtaining injunctive or other relief for the enforcement of any term of the

Type of Fee	Amount	Due Date	Remarks
			Development Agreement
Indemnification	Will vary under circumstances	As incurred	You have to indemnify and hold us harmless if we are held liable for claims arising from your operations.

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**Item 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**  
**A – Single Franchise Agreement**

<b>Type of Expenditure</b>	<b>Low</b>	<b>High</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Initial Franchise Fee (1) for single unit	\$35,000	\$35,000	Lump Sum when you sign the Franchise Agreement	See Item 5 of this Disclosure Document	Bellacino's, Inc.
Marketing—store opening (2)	\$5,000	\$10,000	As Incurred	Prior to restaurant opening/sale	\$5,000 to be paid to Bellacino's Inc Marketing Fund
Travel and Expenses for You and Your Manager During Training (3)	\$1,750	\$3,900	As Incurred	During training	Hotels, restaurants, airlines
Travel for corporate training team (4)	\$2,000	\$5,000	As Incurred	During Training	Hotels, restaurants, airlines
Architectural & Design services (5)	\$6,500 t	\$10,000	Lump Sum	When services start	Architectural Firm
Leasehold Improvements (6)	\$135,000	\$210,000	Lump Sum	Upon completion of work	Landlord or other third party contractor
Furniture, Fixtures and Equipment (7)	\$90,000	\$145,000	Lump Sum	Upon delivery or within 30 days after receipt of invoice	Approved Suppliers
Point of Sale/ Computer System (8)	3,500	\$5,500	Lump Sum	Upon delivery	Approved Suppliers (0% financing pending approval)
Security Deposit/Rent (9)	\$10,000	\$13,500	Lump Sum	Upon execution of lease	Landlord
Opening Inventory and Supplies (10)	\$10,000	\$16,000	Lump Sum	Typically, 7 days terms with supplier	Approved Suppliers
Insurance (Construction) (11)	\$750	\$2,000	Lump Sum	During construction	Insurance Company

<b>Type of Expenditure</b>	<b>Low</b>	<b>High</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Insurance (Business Operations) (12)	\$3,500	\$7,000	Lump Sum	Prior to opening for business	Insurance Company
Miscellaneous Pre-Opening and Organization Costs (13)	\$3,500	\$8,500	Unknown	As incurred	Various Suppliers, Utilities & Employees
Additional Funds – Three Months (14)	\$4,500	\$6,000	Unknown	As Incurred	Employees and Various third parties
<b>TOTAL ESTIMATED INITIAL INVESTMENT (15)</b>	<b>\$311,000</b>	<b>\$477,400</b>			

Some of these fees may be refundable but you will need to discuss this with the specific suppliers.

### **Explanatory Notes**

(1) The initial franchise fee is paid at the time of signing the franchise agreement. See Item 5 for complete details of the initial franchise fee. The initial franchise fee is non-refundable.

(2) A store opening marketing fund of \$5000 is required for all store openings. Bellacino's, Inc. & the National Marketing Fund will receive payment and organize a store opening strategy for marketing, including, but not restricted to employment ads, coming soon media placement, banners, ad creation, coupon placement, back yard marketing efforts, other forms of media placement (radio, radio live remotes, direct mail, cable/ TV, newspaper, etc.). The amount shown is for advertising to be conducted in connection with the opening of your first single restaurant and does not include any contributions to the Advertising Fund or to a Cooperative. The opening advertising plan is to be approved by Bellacino's, Inc. and will be payable to third-party suppliers. The opening advertising fee is non-refundable. We have noted an additional \$5,000 that you may decide to spend in your local market at your discretion, with our prior approval.

(3) You must pay for travel costs, lodging, food, automobile rental and other expenses while you and your Manager attend Bellacino's training program. The low represents you and one person traveling by car to our training program and the high represents you and one person traveling by air. You may be required to pay salaries and other related expenses to your manager according to any agreements between you and your manager. We cannot determine or estimate what these amounts may be and are between you and your manager. None of the training expenses will be refundable.

(4) If you request additional training at your location after we have provided the initial training as outlined in Item 11 (Training Chart) you will be responsible for the travel and lodging for one of our team members during the additional training.

(5) Architectural and Design Services will be needed for each store developed. Bellacino's, Inc. will provide a Computer Aided Design of the floor plan of the restaurant (equipment placement, restroom design, interior wall placement, dining room configuration, and all related specifications for the equipment placed). A local architect will be responsible for code compliance and completing a set of plans (to be approved by Bellacino's, Inc. before the contractor bidding process and before plan submittal to review committees). All modifications to the original floor plan provided by Bellacino's, Inc. must be approved in writing (including, but not limited to: construction materials, equipment rearrangement, equipment specification changes, etc.).

(6) You will have to lease an appropriate site to operate the franchised business. Generally, a lease extends for a period of ten (10) years with an option to renew for a period of ten (10) years. The amounts specified for leasehold improvements are based on our experience with our existing franchisees and will not be refundable. These costs may vary depending on the size, condition, and location of the leased premises, and the amount of such costs, which the landlord is willing to assume. These costs are paid as incurred to your landlord, suppliers, and tradesmen. You may engage any party for site selection assistance or may conduct site selection yourself. Bellacino's, Inc. highly recommends receiving up to 3 bids for the construction of your project. Bellacino's, Inc. would like to review all bids to help ensure the entire scope of work for the project is covered, as well as help assess the valuation of the construction costs.

(7) The variance in range for equipment and supplies is due to factors such as shipping distances and price differences between suppliers and quantity need based upon anticipated sales. You may purchase or lease original equipment and supplies, signs and opening inventory meeting our standards and specifications only from our approved vendors and suppliers. Refunds will be granted with supplier's approval. This category includes, but is not limited to: interior decorations, neon signage, building signage, kitchen equipment, dining room furniture, small wares, mail order/catalogue purchases, local shopping (office, clerical, janitorial, etc.).

(8) You must purchase or lease a POS System and Cash Register to record sales from your location that meets our requirements and from our approved suppliers only. Complete details of the POS system are outlined in the Operations Manual. Refunds will be granted with supplier's approval.

(9) The amounts for security deposits are refundable, will vary, and may include deposits for the leased premises, deposits for phones, utilities, equipment, and other related items. May also include rent payments (deposits for first and last months' rent).

(10) Prior to opening for business, you will need to purchase initial opening inventory and supplies to include small wares such as containers, knives, forks, napkins, drink cups, and the inventory of food items to be served. These expenses are non-refundable.

(11) You will need to secure insurance before opening to cover the construction phase of building out your Bellacino's.

(12) We generally estimate the initial insurance premiums for a restaurant will range from \$3,500 to \$7,000. However, the cost of insurance may be significantly higher depending on such

factors as particular state coverage requirements, restaurant location, and your loss history. Refunds on any insurance expenses will be available only for unexpired portions.

(13) The Miscellaneous Pre-Opening and Organization Costs are our best estimate of deposits for telephone directory listing, utilities, pre-opening, labor, and professional fees to organize your business. Including, but not limited to aprons & linens, uniforms & hats, cash register & change bank change, initial menu order, business set up costs, and operating capital. We cannot determine whether or not you will be able obtain any refunds. These are paid as incurred to various utilities and suppliers and employees.

(14) This item estimates your initial startup expenses and a small operating fund. This item does not include ongoing inventory purchases, continuing or advertising payments, which will be based on your revenue, and we cannot estimate the cost of any financing interest or amount of any debt service obligation. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business or that any of these expenses will be refundable. Your costs will depend on factors such as: how much you follow our methods and procedures; your management skill, and experience; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and the sales level reached during the initial period.

**Additional note:**

(15)

These figures were based on 2024 costs. Your leasehold improvement costs may be significantly less if, for example, your landlord provides you with a tenant improvement allowance. Depending on location, desirability of the landlord to rent the property, and other factors, tenant improvement allowances depend on the leaseholder, space, and other factors. The estimated initial investment does not include real estate beyond the initial lease deposit. The cost of purchasing or leasing and developing a site for a Bellacino's Pizza and Grinders business will vary considerably depending on the location, size, local real estate market and other factors and will depend upon whether you are converting an existing facility to a franchise or are opening a new location. Typically, you will need to lease a space of 1,400 to 3,000 square feet and pay the cost of site work and/or leasehold improvements. These estimates also include costs associated with millwork and construction management. The costs outlined in this Item 7 are not intended to be a forecast of the actual cost to you or to any particular franchisee.

We do not offer, either directly or indirectly, financing to franchisees for any items.

**B - DEVELOPMENT CHART**

<b>Type of Expenditure</b>	<b>Estimated Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Development Fee for at least two (2) additional	\$45,000 (\$22,500 at signing)	50%/50%	Upon Signing the Area Development Agreement and	Bellacino's, Inc.

Type of Expenditure	Estimated Amount	Method of Payment	When Due	To Whom Payment is to be Made
franchise outlets			the balance due when each new Franchise Agreement is signed	
Initial Investment to sign a Development Agreement and secure two additional locations	\$333,500 - \$499,900	See Chart A above	See Chart A above	See Chart A above

**Explanatory Notes**

The initial fifty percent (50%) portion of the Development Fee for each additional restaurant is **fully earned upon payment** and serves to secure your exclusive development rights in the agreed territory. This amount will not be refunded under any circumstances, even if the Initial Franchise Fee increases in the future.

**Item 8  
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

You must purchase your furniture, fixtures, equipment, including computer equipment, inventory and signage under specifications in the Bellacino’s Confidential Operations Manual (“Confidential Operations Manual”). The specifications include standards and specifications for the appearance, quality, price, performance and functionality. The standards and specifications are based upon our experience in operating restaurants of the type we are franchising and through research and testing in our franchisees’ restaurants. We may communicate our standards and specifications directly to suppliers who wish to supply you with furniture, fixtures, equipment, inventory and signage under specifications. We communicate our standards and specifications to you when we evaluate your proposed location for the franchised restaurant, during training, before you conduct your grand opening advertising, during onsite opening assistance, during periodic visits to your franchised location and through the Confidential Operations Manual (including periodic bulletins).

We will provide you with specifications for pizza, grinders, other authorized food and beverage preparation, dispensing, storage and display equipment, other equipment, fixtures, furniture, exterior and interior signs and decorating required for the restaurant, that you will purchase from listed and approved suppliers of which we are not one. Specifications may include minimum standards for delivery, performance, warranties, design and appearance. You are responsible for ascertaining any local zoning, signage and Landlord restrictions on signage. If you propose to purchase or lease items not previously approved by us as meeting our specifications, you must first notify us and we may require submission of sufficient specifications, photographs, drawings and/or other information and samples to determine whether such items meet our specifications. We will advise you within ninety

(90) days whether any item meets our specifications. We reserve the right to charge for our reasonable expenses incurred in testing and evaluating any proposed item. The number of suppliers of any item may depend on the availability of these items and whether there are suppliers who are willing to have the capability to manufacture items meeting our specifications.

All pizza, grinders and other food ingredients, beverage products, cooking materials, containers, packaging materials, other paper and plastic products, utensils, uniforms, menus, forms, cleaning and sanitation materials and other supplies and materials used in the operation of a restaurant must conform to the specifications and quality standards established by us from time to time. You must use in the operation of your restaurant boxes, containers, and other paper or plastic products imprinted with the Marks as prescribed by us from time to time. We may in our sole discretion require the ingredients, supplies and materials used in the preparation, packaging and delivery of pizza, grinders and other authorized food products be purchased exclusively from us or from approved suppliers or distributors. Any ingredient, supply or material not previously approved by us as conforming to our specifications and quality standards must be submitted for examination and/or testing prior to use. We have the right to examine the facilities of any approved supplier or distributor, including the commissary, if any, operated by the franchisee and to test or inspect the ingredients, materials or suppliers to determine whether they meet our standards and specifications. We have the right to charge fees for testing and evaluating proposed and approved suppliers or distributors and examining and inspecting commissary operations and may impose reasonable limitations on the number of approved suppliers or distributors of any product. We will notify you within a reasonable time (generally not to exceed 30 days) whether any ingredients, supplies or materials submitted by you meet with our approval. We maintain a list of suppliers who have been approved by us. Approval of a supplier or distributor may be conditioned on requirements relating to frequency of delivery, standards of service including prompt attention to complaints and the ability to service and supply restaurants within areas designated by us. In addition, the ability of a franchisee to purchase from other suppliers will depend on such factors as a willingness of the suppliers to sell directly to franchisees, the availability of various products and whether there are suppliers who are willing or able to manufacture products meeting our specifications. Further, in order to protect the confidentiality of our proprietary products, which include sauce, dough and cheese, we reserve the right to limit the sources of supply of these products. We are not the sole suppliers for any goods required to be purchased in the operation of your franchise.

We negotiate pricing and rebates from certain suppliers of goods and services. A substantial percentage of these negotiated rebates are passed on to the franchisees.

During the calendar year 2024, we were paid \$337,503 in rebates from suppliers and vendors. We received total revenues during 2024 of \$ 1,575,321. Rebates from suppliers and vendors represent approximately 21.42% of the \$1,575,321 in total revenues received by us during 2024.

We estimate that approximately 30%-50% of your expenditures for leases and purchases in establishing your franchised restaurant will be for goods and services that must be purchased from us, or an approved supplier, or according to our standards and specifications. We estimate that approximately 70%-80% of your expenditures on an ongoing basis will be for goods and services that must be purchased from us, an approved supplier or according to our standards and specifications.

No officer of the franchisor or anyone listed in Item 2 has any ownership or other interest in any supplier you are required to do business with.

From time to time, we test new products for use in our restaurants. During the test phase, we may require you to purchase these products exclusively from us or otherwise limit the distribution and use of these products.

You must at all times during the term of the franchise maintain in force at your sole expense: (1) property insurance on a replacement cost basis at minimum limits based on the total value of your assets (including, but not limited to, fire, extended coverage, vandalism and malicious mischief); (b) primary general liability insurance with a minimum limit of \$1,000,000 (including, but not limited to, coverage for personal injury, products and contractual liability); (c) primary automobile liability insurance with a minimum limit of \$1,000,000 (including, but not limited to, owned automobiles, titled or leased in your name and the name of your owners and used at any time, whether principally or occasionally in the business); and (d) worker's compensation insurance (in your name) as required by applicable law. If no such law exists, then you must participate in such other comparable insurance as required by us. If your state recognizes and permits self-insurer programs, your participation in such a program will satisfy our requirements under Paragraph 15.7(d) of the Franchise Agreement. If deductible plans are approved and used in your state, coverage may be purchased on this basis subject to the requirements of your insurance carrier. All insurance policies must be issued by an insurance carrier rated A, or better by Alfred M. Best & Company, Inc. All liability insurance policies must name us, and any subsidiaries and affiliates which we designate, as additional insureds entitled to the coverage afforded to all named insureds, without regard to the other insurance or self-insured program which we may have in effect and must also provide that we receive thirty (30) days prior written notice of termination, expiration, cancellation, modification, or reduction in coverage or limits of any such policy. We may also reasonably increase the minimum liability "limit" protection requirement annually and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards in public, product or motor vehicle litigation or other relevant changes in circumstances. Prior to opening, and annually thereafter, you must submit to us a copy of the certification of or evidence of the renewal or extension of each such insurance policy or any modifications to any such insurance policy, which must describe the applicable deductibles for each such policy.

You must lease or purchase the necessary POS system to be used in your restaurant. (Section 8.3 (g) of the Franchise Agreement.) We require all franchisees to use the Bellacino's approved cloud-based POS system with 4 touchscreen terminals, Software as a Service (SaaS) subscription for operating the POS, 4G LTE data plan for internet failover backup, and programming. The fee listed in Item 7 for the POS system include hands on training by the POS vendor for each franchisee. You will also need to purchase an office computer and printer for general office needs at your restaurant.

If you at any time fail or refuse to maintain in effect any insurance coverage required by us, or to furnish satisfactory evidence of such insurance, we may, at our option and in addition to our rights and remedies under the Franchise Agreement, obtain such insurance coverage, on your behalf, and you must promptly execute any applications or other forms, or instruments required to obtain any such insurance and pay to us on demand any costs and premiums incurred by us. Your obligation to obtain and maintain the insurance described in the Franchise Agreement will not be limited to any way by reason of any insurance maintained by us.

## Cooperatives

We do not have any purchasing or distribution cooperatives.

## Material Benefits

We do not provide any material benefits to you based on your use of designated or approved sources or your purchase of particular products or services.

### **Item 9 FRANCHISEE'S OBLIGATIONS**

**This table lists your principal obligations under the franchise and development agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure.**

#### **FRANCHISEE'S OBLIGATIONS**

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
(a) Site selection and acquisition/lease	Sections 8.1 and 8.2 of Franchise Agreement, Sections 5.7 and 5.8 of Development Agreement	Item 11
(b) Pre-opening purchases/leases	Sections 8.2 and 8.4 of Franchise Agreement	Items 5, 7, and 8
(c) Site development and other pre-opening requirements	Section 8 of Franchise Agreement	Items 6, 7, 8 and 11
(d) Initial and ongoing training	Section 10 of Franchise Agreement	Item 11
(e) Opening	Section 8.5 of Franchise Agreement	Item 6, 7, 11
(f) Fees	Sections 5 and 6 of Franchise Agreement, Section 4 of Development Agreement	Items 5, 6 and 7
(g) Compliance with standards and policies/Operations Manual	Section 15 of Franchise Agreement, Section 6 of Development Agreement	Items 5, 8 and 11
(h) Trademarks and proprietary information	Sections 16 and 19 of Franchise Agreement, Sections 6.4, 6.5 and 17.3 of Development Agreement	Items 13 and 14
(i) Restrictions on products/services offered	Sections 12.1 and 12.2 of Franchise Agreement	Item 16
(j) Warranty and customer service requirements	Not Applicable	Not Applicable
(k) Territorial development and sales quotas	Sections 2.1 and 4 of Franchise Agreement (we do not have sales quotas),	Item 12

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
	Section 4 of Development Agreement	
(l) On-going product/service purchases	Section 12 of Franchise Agreement	Items 8, 16
(m) Maintenance, appearance and remodeling requirements	Section 9 of Franchise Agreement	
(n) Insurance	Section 15.7 of Franchise Agreement	Items 6, 7 and 8
(o) Advertising	Section 13 of the Franchise Agreement	Items 6, 7 and 11
(p) Indemnification	Sections 16.3 of Franchise Agreement, Section 11.2 of Development Agreement	Item 6
(q) Owner's participation/management/staffing	Section 15.6 of Franchise Agreement, Section 5.2 of Development Agreement	Items 11 and 15
(r) Records/reports	Section 14 of the Franchise Agreement	Item 11
(s) Inspections/audits	Section 17 of Franchise Agreement	Item 6
(t) Transfer	Section 20 of Franchise Agreement, Section 12 of Development Agreement	Item 17
(u) Renewal	Section 3 of Franchise Agreement, Section 3 of Development Agreement	Item 17
(v) Post-termination obligations	Section 18.3 of Franchise Agreement, Section 9 of Development Agreement	Item 17
(w) Non-competition covenants	Section 19 of Franchise Agreement, Section 10 of Development Agreement	Item 17
(x) Dispute resolution	Section 21 of Franchise Agreement	Item 17
(y) Other: guaranty of franchisee obligations	Personal Guarantee to the Franchise Agreement	Item 15
Notes: (1) Each franchisee must sign an agreement not to compete (Exhibit 1 of Franchise Agreement).		

## **Item 10 FINANCING**

Bellacino's does not offer direct or indirect financing. Bellacino's does not guarantee your note, lease or other obligations.

## **Item 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING**

**Franchise Agreement.**

**Except as listed below, we are not required to provide you with any assistance.**

**A. Before you open a restaurant, we will:**

- (1) While not specifically obligated to do so under the Franchise Agreement, provide you with guidance in selecting a location for the restaurant. The site will be approved by us prior to the execution of the Franchise Agreement, and we will continue to work with you until a suitable site can be found and agreed to; (Franchise Agreement - Section 8.1)
- (2) Approve the lease for each restaurant location to be certain that provisions of Section 7.3 of the Franchise Agreement are included. We do not review the lease for any other purpose. (Franchise Agreement - Section 7.3);
  - (2) Provide you with specifications for the restaurant, including requirements for dimensions, exterior design, materials, interior layout, equipment, fixtures, furniture, signs and decorating. (Franchise Agreement - Section 8.3);
- (4) Provide you with specifications for grinders, pizza, other authorized food and beverage preparation, dispensing, storage and display equipment, other equipment, fixtures, furniture, exterior and interior signs, and decorating required for the restaurant. (Franchise Agreement - Section 8.4);
- (5) Offer certain training programs designed to assist you in the operation of the restaurant. (Franchise Agreement - Section 10);
- (6) Provide you with specifications and standards and provide general guidance. (Franchise Agreement - Section 11);
- (7) Loan you a copy of our Manual(s) during the term of the franchise (this may be provided electronically on a CD). (Section 15.4 of the Franchise Agreement and Exhibit E)

### **Development Agreement**

**Except as listed below, we need not provide any assistance to you under the Development Agreement.**

1. We will provide you with the same assistance and support as outlined by each Single Unit Franchise Agreement. We are not required by the Franchise Agreement or Development Agreement to furnish any other service or assistance to you before the opening of your Franchised Restaurant. The Table of Contents of Operations Manual is attached as Exhibit E of this Disclosure Document.

### **B. During your operation of the restaurant, we will:**

- (1) Communicate to you information relating to the operation of the restaurants as we determine from time to time to be necessary. Operating assistance will include advice and guidance with respect to:
  - (a) methods of pizza, grinders or other authorized food and beverage preparation, packaging and sale; and (Franchise Agreement - Section 11.1)

- (b) the establishment and maintenance of administrative, bookkeeping, accounting, inventory control and general operating procedures. (Franchise Agreement - Section 11.1)
- (2) Advise you from time to time of operating problems of your restaurant disclosed by reports submitted to us or inspections made by us. (Franchise Agreement - Section 11.2);
- (3) Bellacino's may provide advertising materials and services to you through a national advertising fund (the "National Fund"). Materials provided by the National Fund to all franchisees may include video and audio tapes, mats, posters, banners and miscellaneous point-of-sale items. You will receive one sample of each at no charge as they are developed. If you want additional copies you must pay duplication costs. You may not use your own advertising materials without our prior written approval which will be delivered to you within 10 days of receipt from you of any new advertising you intend to use. You may not establish your own website; but you may advertise your franchised location on our website.

Bellacino's may occasionally provide for placement of advertising on behalf of all Bellacino's franchisees. However, most placement is done on a local basis, typically by local advertising agencies hired by individual franchisees or advertising cooperatives. Bellacino's reserves the right to use advertising fees from the Bellacino's system to place advertising in national media (including broadcast, print or other media) in the future. In the past Bellacino's has used an outside advertising agency to create and place advertising. Bellacino's may receive payment from the National Fund for the creation and placement of advertising. Advertising funds are used to promote the product sold by the franchisee and are not used to sell additional franchises.

The National Fund is a nonprofit corporation which collects advertising fees from all franchisees. Each franchisor owned restaurant of Bellacino's contributes to the National Fund on the same basis as franchisees. All payments to the National Fund must be spent on advertising, promotion and marketing of goods provided by Bellacino's Restaurants. You must contribute the amounts described in Item 6, under the heading "Advertising Fund."

The National Fund is administered by Bellacino's accounting and marketing personnel (National Marketing Director). An annual audited financial statement of the National Fund is available to any franchisee upon request. The National Fund has only been implemented as of January 2005 and all new franchisees of Bellacino's will contribute to the fund. Existing franchisees will also contribute to the fund in the amounts specified in their Franchise Agreements.

We do not have an advertising council established at this time but reserve the right to establish one in the future. When established, it will be composed of a select number of franchisees and 2 of our officer/directors. Franchisees will vote on the franchisee council members on an annual basis and the council will serve to advise us on

advertising programs for the benefit of all Bellacino's franchisees. We have the right to form the council at such time that we deem appropriate but will not change or dissolve the council without a vote of all franchisees in the system.

- (4) We may but have no obligation from time to time to formulate, develop, produce and conduct advertising and promotional programs in the form and media as we determine to be most effective. You agree to participate in all local, or regional advertising and promotions as we determine to be appropriate for the benefit of the Bellacino's System. We reserve the right, in our sole discretion, to determine the composition of all geographic territories and market areas for the development and implementation of advertising and promotion programs. (Franchise Agreement - Section 13.1)

We reserve the right to require that you participate in local and regional advertising cooperatives in connection with the advertising and promotional programs administered by us or by other franchisees of the System or, in the event no such cooperative has been established, to require you to conduct local advertising for your restaurant. Bellacino's will not obligate you under the terms of this Paragraph 13.2 to contribute in a calendar year more than two percent (2%) of the annual net sales of the restaurant for advertising and promotion. (Franchise Agreement - Section 13.2)

All advertising and promotion by you must be completely factual and shall conform to the highest standards of ethical advertising and be consistent with the image of a Bellacino's restaurant. (Franchise Agreement - Section 13.3)

In the year ended December 31, 2024, the percentages spent on the Bellacino's advertising fund were as follows: Media Placement 73.09%, Corporate Creative Programs 3.73%, Administrative Expenses 13.04%, Local Area Promotions 10.13% (100% Total)

The financial records of the local or regional advertising cooperative are audited on an annual basis by an independent certified public accountant. The results of the audit are available to you upon request. If funds are not spent in the fiscal year, they will be rolled over to the following year. We do not use advertising fund to solicit franchisees.

- (5) Offer guidance to you relative to prices for the products and services of a restaurant that, in our judgment, constitute good business practice. (Franchise Agreement - Section 15.3);
- (6) Offer certain refresher training programs more fully described below. (Franchise Agreement - Section 10.3);
- (7) Not unreasonably withhold approval to a proposed transfer if all requirements are met. (Franchise Agreement - Section 20.4);

Under the Development Agreement, the assistance provided to each single unit franchisee will be provided to the Area Developer as outlined in each Single Unit Franchise Agreement.

You are required to keep books and business records according to our formats. (Franchise Agreement - Section 14).

### **C. Selection of Location**

Under the Franchise Agreement, the primary responsibility for locating a site will be on you. While not specifically obligated to do so under the Franchise Agreement, we will provide you with guidance in selecting a location. We approve a site based on guidelines such as visibility from the street, ability to build out according to Bellacino's design plans, lease requirements, ability to offer the required products and services, parking locations, similar restaurants in the area and other criteria as may be required for your specific location. The location will be approved by us prior to the final execution of the Franchise Agreement. (Franchise Agreement – Section 8 and Section 7.3 (f)).

### **D. Time to Opening**

We estimate that there will be an interval of four to twelve months between your submission for an application for a restaurant and the opening of the restaurant, but this interval may vary based upon such factors as finding and securing a location, the location itself and condition of the site. You must secure a site and open the restaurant for business within twelve months after the execution of the Franchise Agreement, unless we agree otherwise. (Franchise Agreement - Section 2.2)

### **E. Training**

Prior to the opening of the restaurant, you must enroll and complete, to our satisfaction all training programs and classes, which we require for the operation of a restaurant. All classes will be furnished at such times and places as we designate. We will normally conduct pre-training at one of our approved franchised units with the balance of the training to be held at your location. We do not have set times or dates for training as it is handled on a franchisee-by-franchisee basis. Franchise Agreements are not signed until you have secured a location and we have approved it. Once the location has been approved and the Franchise Agreement is signed, we will schedule your training according to the build out schedule of your restaurant. We do not charge for the initial training, but you are responsible for traveling, living expenses and any other costs incurred during these training programs and classes. (Franchise Agreement – Section 10).

We may also require that you or your owners attend supplemental or additional training classes, which may be offered from time to time during the term of the franchise. You will be responsible for the reasonable costs of such programs and for the travel and living expenses and any other costs incurred by you during these programs.

The training materials used to complete the training will be the Operations Manuals and actual equipment and materials used in the franchise operation.

As of our most recent fiscal year end 2024, we provided the following training:

### **TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training (per corporate trainer)</b>	<b>Location</b>
Off-site/ pre-training	0 hours	40 hours	Certified & approved franchise unit
Orientation (staff & mgmt.)	8 hours	5 hours	your unit's location
Open/ Closing procedures	0 hours	<u>12 hours</u>	Your unit's location
Kitchen management	10 hours	<u>40 hours per trainer</u>	Your unit's location
Service Management	5 hours	<u>10 hours</u>	Your unit's location
Sanitation/ Food Safety	5 hours	<u>10 hours</u>	Your unit's location
Product Quality/ Portion Control	2 hours	<u>8 hours</u>	Your unit's location
Pre-Opening Competency Testing	2-4 hours	0 hours	Your unit's location or corporate office
Franchise Certification Evaluation	By corporate personnel	By corporate personnel	Your unit's location or corporate office

Training includes two corporate trainers provided prior to and during your initial opening. Additional in-person training and support—such as for pre-construction, rough-in inspections, or final inspections—can be requested as needed. Please note that for this additional support, you will be responsible for covering the travel and lodging expenses of our team member.

Training Instructors Matthew Losik and Dan Warnaar are officers of Bellacino's and are listed in Item 2 of this Disclosure.

## **F. Computer System**

You will need to acquire (either by purchase or lease) the computer hardware and software system (a **“Point of Sale System”**) that we may specify from time to time. (Franchise Agreement, Sections 15.9). The term Computer System refers to hardware, software for the management and operation of the Franchised Restaurant and for reporting and sharing information with us, cash register systems, and communication systems (including modems, cables, etc.). Our requirements may fluctuate as does the price and availability of new computer technology. As of the date of this disclosure document our requirements are described below.

Presently, we require the use of the Bellacino's approved cloud-based POS system, consisting of a network of 4 register terminals with a projected cost of \$3,500-5,500 (see Item 7). This point of sale system is cloud-based with a program and operating procedure that is customized for the Bellacino's menu and the function of the kitchen instructions. (Section 8.3 g of the Franchise Agreement) You will also need to purchase a computer and printer for your general office needs at your restaurant (this cost is above and beyond the projected cost listed above).

Hardware components and software programs by type and principal functions are:

1. Bellacino's approved touch-screen terminals (guest order entries at the cash counter, at the phone order station(s), and received via online ordering)
2. System printers (customer receipt printers: thermal printing technology & dot matrix printer: kitchen ticket displaying the preparation instructions for the order)
3. cash drawers (2 dedicated for the cash counter; 1 dedicated for a carry out counter (typically located at the phone entry station))
4. managed network router (to hub the communication wiring and provide remote IT access)
5. CAT 5-e cabling, junction boxes (mounted in walls and at the preparation table with conduit to house the cable run), jacks and plates to terminate the cable runs allowing network (Ethernet) cables to connect the terminals with the cable runs to network the system

We are not the proprietor, affiliate or third party of the hardware or software of this Point of Sale system. We have no contractual right or obligation to provide ongoing maintenance, repairs, upgrades or updates. The cost of optional maintenance is approximately \$1,000 annually. A monthly Software as a Service (SaaS) subscription payment provides for software support/ upgrades, programming, and helpdesk support. Optional upgrades for hardware are approximately \$700 annually and optional software upgrades are approximately \$1,000 annually.

The Point of Sale system will be used to enter transactions for kitchen preparation and payment tendering for customer orders; to provide a time keeping record of the employees. It will also receive orders via online ordering (including 3<sup>rd</sup> party aggregators and 3<sup>rd</sup> party delivery services). Bellacino's may require the use of a 3<sup>rd</sup> party aggregator application (Software as a Service) that would automatically inject and integrate offsite orders from 3<sup>rd</sup> party delivery vendors and other remote order applications into the Bellacino's approved cloud-based POS system. You must provide Bellacino's credentialed access to all 3<sup>rd</sup> party sales platforms not integrated to the POS.

You will also need to purchase an office computer and printer for general office needs at your restaurant.

It will also collect the following information or data: sales data, employee labor cost, inventory tracking, product mix sales reports, drawer reconciliation reports (cash counting), comprehensive data base stores information for reference indefinitely.

We will have the right to independently access any information that is electronically collected and there are no contractual limitations on our right to access the information and data. (Section 15.9 of the Franchise Agreement)

We will assist you in acquiring the hardware/ software, as well as assisting in acquiring a source for contracting with installation/ programming consultant(s).

We reserve the right to change our specifications in the future to take advantage of technological advances or to adapt the system to meet operational needs and changes. We may require you to bring any computer hardware and software, related peripheral equipment, or communications systems into conformity with our then-current standards for new Bellacino's Pizza and Grinders Restaurants. In connection with a proprietary program, we or our approved vendor may require you

to sign a license or maintenance agreement in order to obtain and use the proprietary program. Other than providing you with information regarding our specifications and requirements for the Point-of-Sale System, we're not required to assist you in obtaining hardware, software or related services. We will endeavor to keep these changes infrequent and reasonable in cost, but the Franchise Agreement does not impose a limit as to the number or cost of such changes to the Point-of-Sale System.

You must provide us with access to your Point-of-Sale System in the form and manner that we may request. We reserve the right to download sales, other data, and communications from your Point-of-Sale System. There is no contractual limitation on our right to receive this information. We will exclusively own all data provided by you, downloaded from your Point-of-Sale System, and otherwise collected from your Point-of-Sale System. We will have the right to use such data in any manner that we deem appropriate without compensation to you.

We will also have the right to establish a website or other electronic system providing private and secure communications (*e.g.*, an extranet) between us, our franchisees, and other persons and entities that we determine appropriate, which requires you to have high speed internet access at all times. If we require, you must establish and maintain access to the extranet in the manner we designate. Additionally, we may from time to time prepare agreements and policies concerning the use of the extranet that you must acknowledge and/or sign. (Franchise Agreement, Section 15.14)

## **Item 12 TERRITORY**

### **Franchise Agreement and Development Agreement**

The following describes how Territories and Development Areas are determined, and the rights that you and we have under the Franchise Agreement and the Development Agreement.

#### **Franchise Agreement**

The Franchise Agreement grants you the right to operate your Restaurant only at the Approved Location. If, at the time of execution of the Franchise Agreement, a location for your Restaurant has not been obtained by you and approved by us, you will be given an area in which you may obtain your Approved Location. We will grant you a protected territory during the term of the agreement; the size of which will be specified in the Franchise Agreement. A protected territory is defined as a specific territory assigned to you, and we agree not to allow any other Bellacino's restaurant to open within that specific territory. The size will depend on the geographic area in which you plan to open your Restaurant. You must obtain a location, subject to our approval, as provided in the Franchise Agreement. You may relocate your Restaurant only with our prior written approval. Our approval will be based on many factors, including the viability of the then-current location and demographics (including foot traffic, type of foot traffic (tourists, office workers or retail shopkeepers), size of the space and rental costs relating to the proposed location). You may not relocate your Restaurant without our prior approval. Our approval will not be unreasonably withheld. This approval should not be construed as an assurance or guarantee that the new site will be successful. Our approval is based on certain limited set of factors, such as the Business Population Index, traffic patterns, availability of parking, size of the space, lease terms, competition, and similar

factors. We will continue to work with you until a suitable site can be found and secured. (See Section 7.3 (f) of the Franchise Agreement for Lease terms)

If at any time the demographics change or your client capacity is beyond your ability to support, we may establish another facility within the area and we may offer you the first right of refusal, but we are not obligated to do so. Your territory cannot be modified except by mutual written agreement by both parties.

During the term of the Franchise Agreement, we (and any affiliates that we periodically might have) have the right:

(1) to establish and operate, and grant rights to other franchise owners to establish and operate, similar businesses at any outside of your Territory on any terms and conditions we deem appropriate;

(2) to sell any Proprietary Products or Products identical or similar to, or dissimilar from, those your Restaurant sells, whether identified by the Marks or other trademarks or service marks through any distribution channels we think best (including mail order and the Internet), wherever located or operating, except not through Restaurants (other than your Restaurant), the physical premises of which are located only outside of your Territory;

(3) to sell Proprietary Products or Products through any distribution channels we think best (including, but not limited to, mail order and the Internet), wherever located or operating, except not through franchised Restaurants (other than your Restaurant), the physical premises of which are located outside of your Territory;

(4) to be acquired (regardless of the form of transaction) by a business identical or similar to Bellacino's Pizza and Grinders Restaurants, except if the other business operates, franchises and/or licenses competitive businesses in your Territory; and

(5) to engage in any other business activities not expressly prohibited by the Franchise Agreement, anywhere.

You may sell the Proprietary Products and other Products or services to customers and prospective customers located anywhere. You may not engage in any promotional activities or sell any Proprietary Products and other Products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system (collectively, the "Electronic Media"); through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere outside of your direct marketing area ("DMA") which will be the same as your territory; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere outside of your DMA. We will determine how you place orders for Proprietary Products and this may be done via telephone, fax transmission or through our website and we will direct any inquiries generated from our website regarding the location of a Restaurant to the nearest franchisee's Restaurant, for order fulfillment. You may not place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located anywhere outside of your DMA. You have no options, rights of first

refusal, or similar rights to acquire additional franchises. You may not sell our Proprietary Products to any business or other customer for resale (besides other Restaurants).

We have not established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. We describe earlier in this Item 12 what we may do anywhere.

During the term of the Franchise Agreement, we will not establish or operate, nor license any other person to establish or operate a Bellacino's Pizza and Grinders Restaurant in the Territory except as may be permitted under the Franchise Agreement and those exceptions are described above. There are no circumstances under which the Territory may be altered before expiration or termination of the Franchise Agreement. Your territorial protection is not dependent on achievement of a certain sales volume, market penetration, or other factors, other than compliance with the Franchise Agreement.

### **Area Development Agreement**

If you sign an Area Development Agreement, the Development Agreement will specify the Development Area, within which you may locate potential sites for Bellacino's Pizza and Grinders Restaurants, subject to our approval. The size and scope of the Development Area will be determined on a case-by-case basis, as we mutually agree on before signing the Development Agreement and will be specified in the Development Agreement. Area Developer areas are typically no less than 10 to 15 miles to allow for a minimum of at least three (3) Bellacino's Pizza and Grinders Restaurants. The factors that we consider in determining the size of a Development Area include current and projected market demand, demographics and population, traffic patterns, location of other Bellacino's Pizza and Grinders Restaurants, your financial and other capabilities, the number of Bellacino's Pizza and Grinders Restaurants you wish to develop and our development plans. During the term of the Development Agreement, if you comply with the obligations under the Development Agreement, and all of the Franchise Agreements between you (and your affiliates) and us, we will not establish or operate, or license anyone other than you to establish or operate, a Bellacino's Pizza and Grinders Restaurant in the Development Area. Except as described below, there are no circumstances under which the Development Agreement may be altered before expiration or termination of the Development Agreement. Your territorial protection is not dependent on achievement of a certain sales volume, market penetration, or other factors, other than compliance with the Development Agreement and Development Schedule.

If you do not comply with a deadline under the Development Schedule (a "**Missed Deadline**"), you will be in default under the Development Agreement. For one Missed Deadline, we will provide you with an opportunity to cure your default and we will determine and notify you of a new deadline for that one Missed Deadline (without changing the remainder of the Development Schedule). If you fail to come into compliance by that new deadline, and/or on the occurrence of a second Missed Deadline, we may terminate your Development Agreement, or we may elect to take one or more of the following actions: (a) cease crediting the Area Development Fees paid towards the Franchise Fees for the Franchised Restaurants to be developed (see Item 5 for explanation of credits); (b) eliminate the limited exclusivity, or reduce the scope of protections, granted to you within the Development Area; (c) reduce the scope of the Development Area; (d) reduce the number of Franchised Restaurants for you to develop; (e) retain all Area Development Fees paid to us. If we

elect to take one or more of these actions, we will provide written notice of such action, and the Development Agreement will be amended to reflect the changes.

### **Our Reserved Rights under the Franchise Agreement and Development Agreement**

Under both the Franchise Agreement and Development Agreement, we and our affiliates retain all the rights that we do not specifically grant to you. Among the rights that we retain are the following (the following list is only for purposes of illustration and is not meant to limit our rights):

(1) We may own, acquire, establish, and/or operate and license others to establish and operate businesses, including Bellacino's Pizza and Grinders Restaurants operating under the Proprietary Marks and the System selling the Products at any location outside your Protected Territory.

(2) We may own, acquire, establish and/or operate and license others to establish and operate non-restaurant businesses under the Proprietary Marks, at any location outside your Territory or Development Area.

(3) We may own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Proprietary Marks, whether such businesses are similar or different from the Franchised Restaurant, at any location outside your Territory or Development Area.

(4) We may own, acquire, establish, and/or operate and license others to establish and operate, Bellacino's Pizza and Grinders Restaurants under the Proprietary Marks at Institutional Accounts (as defined below) at any location outside the Territory or Development Area. "**Institutional Accounts**" means outlets that serve primarily the customers located within the facility, such as captive audience facilities (examples include, but are not limited to, parks charging admission, stadiums, amusement parks and centers, theaters and art centers), limited purpose facilities (examples include, but are not limited to, airports, transportation centers, department restaurants, indoor shopping centers, business and industrial complexes, museums, educational facilities, hospitals, art centers, and recreational parks), limited access facilities (examples include, but are not limited to, military complexes, buyer club businesses, educational facilities, business and industrial complexes), and other types of institutional accounts.

(5) We may sell and distribute, directly or indirectly, or license others to sell and to distribute, directly or indirectly, any products (including the Proprietary Products) through grocery or convenience restaurants or through outlets that are primarily retail in nature, or through mail order, toll free numbers, or the Internet, including those products bearing our Proprietary Marks provided that distribution within the Territory or Development Area will not be from a Bellacino's Pizza and Grinders Restaurant established under the System that is operated from within the Protected Territory or Development Area (except from a Bellacino's Pizza and Grinders Restaurant at an Institutional Account).

**Item 13  
TRADEMARKS**

For the term of your franchise, Bellacino’s, Inc. (“Franchisor”) is licensing to you, the following four (4) primary trademarks (hereafter “the Marks”) which will be used to identify the franchised business:

Mark	Registration No.	Registration Date	Current Status
GOTTA GRAB A GRINDER	2343753	April 18, 2000	Registered - Affidavit of Use (Sections 8 & 9) accepted on 11 January 2010/ Filed March 25, 2020 Sections 8 & 9
	2343752	April 18, 2000	Registered - Affidavit of Use (Sections 8 & 9) accepted on 11, January 2010 Filed March 25, 2020 Sections 8 & 9
<b>BELLACINO’S</b>	3621917	May 19, 2009	Registered and Renewed (Sections 8 & 9) accepted on 1, June 2019

We are presently unaware of any currently effective, material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court, or any pending infringement, opposition or cancellation proceedings that would affect Franchisor’s ownership, use or licensing of any of the Marks.

We are further unaware of any pending material federal or state court litigation regarding our use or ownership rights in any of the Marks.

We are unaware of any currently effective agreements that significantly limit, in a manner material to the franchise, our rights to use, or license use of, any of the Marks.

You shall use the Marks in full compliance with such rules as are, and may from time to time be, prescribed by us. Any unauthorized use of the Marks will constitute a breach of your franchise agreement and an infringement of our rights in the Marks. You will not use any of the Marks as part of any corporate name or with any prefix, suffix or other modifying words, terms, designs or symbols, nor will you use any of the Marks in connection with the sale or offer for sale of any product of service, or in any other manner, not expressly authorized in writing by us. All provisions of this Agreement applicable to the Marks shall also apply to any additional trademarks or other commercial symbols which we may hereafter authorize you to use.

You agree to immediately notify us of any infringement of, or challenge to, your or our use of the Marks, or any of them, and of any claim by any person of any rights in the Marks, or any of them. You agree that you will not communicate with any person other than us and its designated counsel in connection with any such infringement, challenge or claim. We shall have the sole discretion to take such action as we deem appropriate, and shall have the right to exclusively control any litigation or other proceeding, including before the United States Patent and Trademark Office, arising out of any such infringement, challenge or claim, or otherwise relating to any of the Marks. You agree to execute any and all instruments and documents, render such assistance and do such acts and things as may, in the opinion of us or our counsel, be necessary and/or advisable to protect and maintain our interests in any such litigation or other proceeding, or to otherwise protect and maintain our interest in the Marks.

We will indemnify you against and reimburse you for all damages for which you are held liable in any proceeding arising out of the use of the Mark in compliance with the Franchise Agreement. If it becomes advisable at any time in our sole discretion for you to modify or discontinue use of any of the Marks and/or use one or more additional or substitute Marks, you agree to do so and our sole obligation to you in these regards will be to reimburse you for your tangible costs of complying with this obligation.

We do not know of any infringing uses that could materially affect your use of the Marks.

#### **Item 14**

### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

There are no patents that are material to the franchise. We claim copyright protection of our Manuals, videotapes and related materials, certain proprietary software, and advertisement and promotional materials, although these materials have not been registered with the United States Registrar of Copyrights. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in the Franchise Agreement.

There are currently no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements in effect which significantly limit our right to use or license the copyrighted materials. Finally, there are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights.

We consider certain of our products to be proprietary and therefore, we may restrict the sources of supply of these products. These products include our dough, recipes, sauce and cheese. We will disclose to you certain confidential or proprietary information and trade secrets. Except as necessary in connection with the operation of the restaurant and as we approve, you may not, during the term or at any time after the expiration or termination of the Franchise Agreement, regardless of the cause of termination, directly or indirectly, use for your own benefit or communicate or divulge to, or use for the benefit of any other person or entity, any trade secrets, confidential information, knowledge or know-how concerning the recipes, food products, advertising, marketing, designs, plans, or methods of operation of the restaurant or the System. You may disclose to your employees only such confidential, proprietary or trade secret information as is necessary to operate the business and then only while the Franchise Agreement is in effect. Any and all information, knowledge, or know-

how, including without limitation, drawings, materials, equipment, marketing, recipes, and other data, which we designate as secret or confidential will be deemed secret and confidential for purposes of the Franchise Agreement.

You agree that, during the term of this Agreement, you will not, directly or indirectly for the benefit of you or your owners, or through or on behalf of or in conjunction with any other person, partnership or corporation or any other entity, own, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any other interest, whether financial or otherwise, in any pizza or grinder restaurant business (except for other Bellacino's restaurants operated under franchise agreements entered into with us or other Bellacino's restaurants in which you or your owners have an ownership interest).

**Item 15**  
**OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE**  
**FRANCHISE BUSINESS**

The restaurant shall at all times be under the direct supervision of you (or the controlling shareholder, member or partner if you are a corporation, or limited liability company or partnership). You (or the controlling shareholder, member or partner if you are a corporation, limited liability company or partnership) must devote your full time and efforts (excluding reasonable vacation periods) as manager of the restaurant. If you own more than one (1) restaurant, each restaurant must also be under the direct, on-premises supervision of a manager;

- (a) who has been properly trained by you;
- (b) whose identity has been disclosed to us; and
- (c) who shall have executed, upon our request, an agreement in the form provided by us agreeing not to divulge any trade secret or confidential or proprietary information (Exhibit 1 to the Franchise Agreement), including the contents of the Operating Manual, or to engage in or have any interest in any other carry-out or delivery pizza store business.

If you are a corporation, partnership or limited liability company, each shareholder, partner or managing member must personally guarantee (Last Page of the Franchise Agreement "PERSONAL GUARANTY AND AGREEMENT TO BE BOUND") your obligations under the Franchise Agreement or Development Agreement and also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement or Development Agreement, agree to be bound by the confidentiality and non-competition provisions of the Franchise Agreement and agree to certain restrictions on their ownership interests.

**Item 16**  
**RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL**

You must offer for sale and sell only and all those products that we approve or specify and must make all menu items available for carryout from the restaurant. You may not offer for sale any products that we have not approved (See Items 8 and 9). We have the right to change the types of authorized products from time to time and there are no limits upon our right to do so.

There are no Franchisor-imposed restrictions or conditions that would limit access to customers.

**Item 17**  
**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.**

<b>Provision</b>	<b>Section in Franchise or other Agreement</b>	<b>Summary</b>
a. Length of the franchise term	Section 2.2 of Franchise Agreement	10 years
b. Renewal or extension of the term	Section 3.1 of Franchise Agreement	Two renewals of ten years each if you meet certain requirements.
c. Requirements for franchisee to renew	Section 3.1 of Franchise Agreement	Written notice, remodel, full compliance, execute a General Release, sign then current form of Franchise Agreement; which may differ materially from your current Franchise Agreement, maintain possession of restaurant or secure approved location, and refurbish if applicable.
d. Termination by franchisee	Section 18.1 of Franchise Agreement	If Bellacino's has materially breached Agreement and failed to cure after 30-day written notice.
e. Termination by Franchisor without cause	Not Applicable	
f. Termination by Franchisor with cause	Section 18.2 of Franchise Agreement	We can terminate only if you commit and fail to cure any one of several listed violations.
g. "Cause" defined- curable defaults	Section 18.2 (l) – (p) of Franchise Agreement	Five calendar days for failure to pay royalty fee and advertising contribution or audit reveals understatement of royalties; 48-hours for failure to obtain or maintain required insurance; seven calendar days for failure to comply with any provision which relates to use of any Mark or quality of grinder, pizza or other authorized food products; ten calendar days for failure to pay amounts owed; thirty calendar days for all other defaults.
h. "Cause" defined- non- curable defaults	Section 18.2 (a) – (p) of Franchise Agreement	Material misrepresentation or omission in application; do not open restaurant within twelve (12) months; bankruptcy; assignment for benefit of creditors; abandonment; violation of child labor laws; loss of possession of restaurant;

<b>Provision</b>	<b>Section in Franchise or other Agreement</b>	<b>Summary</b>
		felony conviction; intentional under reporting; intentional unauthorized assignment; violation of restrictive covenants; improper disposal of interest of deceased or permanently disabled person; repeated violations.
i. Franchisee's obligations on termination/ non-renewal	Section 18.3 of Franchise Agreement	Return all copies of Operating Manual; cease use of and deliver to us copies of Customer Lists; cease us of confidential information and Marks; assign phone numbers; pay outstanding amounts owed; de-identify; make restaurant accessible for operation by us.
j. Assignment of contract by Franchisor	Section 20.1 of Franchise Agreement	No restriction on our right to assign. However, no assignment will be made by us, except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.
k. "Transfer" by franchisee – defined	Section 20.2 of Franchise Agreement	Includes transfer of any interest in the agreement, restaurant, assets or you.
l. Franchisor's approval of transfer by franchisee	Sections 20.2 and 20.4 of Franchise Agreement	We have the right to approve all transfers.
m. Conditions for Franchisor approval of transfer	Sections 20.2 and 20.4 of Franchise Agreement	Full compliance, execute a General Release, transferee qualifies, transferee is not operating any other carry-out or delivery pizza store business except our restaurant, transferee agrees to be bound by the terms of the Franchise Agreement, completion of training, refurbishes restaurant, transfer fee paid.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 20.8 of Franchise Agreement	We have right to match offer.
o. Franchisor's option to purchase franchisee's business	Section 18 of Franchise Agreement	Purchase for an amount determined on the basis of a percentage of the royalty sales of the restaurant during 12 months immediately preceding the date of termination or expiration.
p. Death or disability of Franchisee	Section 20.5 of Franchise Agreement	Franchise must be assigned to approved buyer within 120 days.
q. Non-competition	Section 19 of	No involvement in any carryout or

<b>Provision</b>	<b>Section in Franchise or other Agreement</b>	<b>Summary</b>
covenants during the term of the franchise	Franchise Agreement	delivery pizza store business anywhere, including prohibitions in I below.
r. Non-competition covenants after the franchise is terminated or expired	Section 19.2 of Franchise Agreement	No direct or indirect involvement in the operation of any Competitive Business for 2 years after termination, expiration, or transfer at the Location, within 15 miles of the Location, or within 15 miles of any other Bellacino's Pizza and Grinders business.
s. Modification of the agreement	Section 21.3 of Franchise Agreement	No modifications generally but Operating Manual subject to change.
t. Integration/merger clause	Section 21.3 of Franchise Agreement	The Agreement constitutes the entire agreement between the parties and supersedes all prior and contemporaneous, oral or written, agreements or understandings of the parties regarding the subject matter of the Agreement. Nothing in the Agreement or in any related Agreement is intended to disclaim the Franchisor's representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	Not Applicable	
v. Choice of forum	Section 21.4 of Franchise Agreement	Litigation in State of Michigan, unless your Franchised Area is located in California, Hawaii, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Oregon, Rhode Island, South Dakota, Virginia, Washington or Wisconsin, then the laws of that state will govern, subject to state law.
w. Choice of law	Section 21.4 of Franchise Agreement	Laws of State of Michigan, unless your Franchised Area is located in California, Hawaii, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Oregon, Rhode Island, South Dakota, Virginia, Washington or Wisconsin, then the laws of that state will govern.; subject to state law.

**DEVELOPMENT AGREEMENT  
THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the franchise and related agreements. You**

**should read these provisions in the agreements attached to this Disclosure Document.**

<b>Provision</b>	<b>Section in Development Agreement</b>	<b>Summary</b>
a. Length of the franchise term	Section 3.1 of Development Agreement	As specified in Development Agreement.
b. Renewal or extension of the term	Section 3.1 of Development Agreement	You have a right of first refusal to further develop the Franchised Area.
c. Requirements for franchisee to renew	Section 3.1 of Development Agreement	You have thirty days to accept Bellacino's proposal. A new Developer Agreement may differ from the one you initially signed.
d. Termination by franchisee	Not Applicable	
e. Termination by Franchisor without cause	Not Applicable	
f. Termination by Franchisor with cause	Section 8 of Development Agreement	We can terminate only if you commit any one of several listed violations.
g. "Cause" defined-curable defaults	Section 8.1 of Development Agreement	You will have 30 days to cure (unless local law states other period) if you: violate any material provision; fail to conform to the Business System; fail to pay any uncontested fee to anyone; issue any check which is dishonored; failure to make, when due, any payment pursuant to any Franchise Agreement.
h. "Cause" defined-non-curable defaults	Section 8.4 of Development Agreement	You are convicted of any law relating to your Bellacino's Restaurants or a felony; you are deemed insolvent; you make an assignment for the benefit of creditors; you abandon your Franchised Area; your conduct materially impairs Bellacino's Marks or Business System; or a Franchise Agreement is terminated.
i. Franchisee's obligations on termination/ non-renewal	Section 9 of Development Agreement	You must pay what you owe Bellacino's within five days of termination; and continue to operate your Bellacino's Restaurants in the Franchised Area
j. Assignment of contract by Franchisor	Section 7.1 of Development Agreement	No restriction on Bellacino's right to assign.
k. "Transfer" by	Sections 7.2 and 7.3	Includes assignment to owned or

<b>Provision</b>	<b>Section in Development Agreement</b>	<b>Summary</b>
franchisee – defined	of Development Agreement	controlled corporation and assignment in the event of death or disability
l. Franchisor’s approval of transfer by franchisee	Section 7.4 of Development Agreement	Bellacino’s has the right to approve any transfer made by you but will not unreasonably withhold its consent
m. Conditions for Franchisor approval of transfer	Section 7.4 of Development Agreement	You must provide Bellacino’s thirty days’ written notice of the transfer; pay all money owed to Bellacino’s; complete a written agreement between you and Bellacino’s; you and Bellacino’s execute a joint and mutual release; transferee meets Bellacino’s standards; transferee signs a transfer and assignment agreement.
n. Franchisor’s right of first refusal to acquire franchisee’s business	Not Applicable	
o. Franchisor’s option to purchase franchisee’s business	Not Applicable	
p. Death or disability of Franchisee	Section 7.3 of Development Agreement	If you are an individual, your Development Agreement may be transferred to your beneficiary without paying a transfer fee to Bellacino’s.
q. Non-competition covenants during the term of the franchise	Article 10.2 of Development Agreement	You may not participate in any restaurant business that competes with any Bellacino’s Restaurant.
r. Non-competition covenants after the franchise is terminated or expired	Article 10.3 of Development Agreement	Except for your Bellacino’s Restaurants, you may not participate in any competitive restaurant business that is within the Franchised Area, within fifteen miles of any Bellacino’s Restaurant or within any exclusive area granted by Bellacino’s for a period of two years after the termination of your Development Agreement
s. Modification of the agreement	Sections 5.5, 13.9, 16.1 and 16.2 of Development Agreement	Only by written agreement between you and Bellacino’s or if local law requires a modification. Bellacino’s can change the form of the Franchise Agreement for future sites.
t. Integration/merger		The Development Agreement is the entire

<b>Provision</b>	<b>Section in Development Agreement</b>	<b>Summary</b>
clause	Section 13.10 of Development Agreement	agreement between you and Bellacino's relating to the development of the Franchised Area. Nothing in the Agreement or in any related Agreement is intended to disclaim the Franchisor's representations made in this disclosure document.
u. Dispute resolution by arbitration or mediation	Not Applicable	
v. Choice of forum	Not Applicable	
w. Choice of law	Section 16.1 of Development Agreement	Governing law will be the laws of the state of Michigan, unless your Franchised Area is located in California, Hawaii, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Oregon, Rhode Island, South Dakota, Virginia, Washington or Wisconsin, then the laws of that state will govern; subject to state law.

**Item 18  
PUBLIC FIGURES**

Bellacino's does not use any public figure to promote our franchise. No public figure is involved in the management of Bellacino's.

**Item 19  
FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in item 19 may be given if: (1) a franchisor provides that actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representation about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Matthew Losik at, 10096 Shaver Road,

Portage, Michigan 49024, (877) 379-0700, the Federal Trade Commission, and the appropriate state regulatory agencies.

**Item 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**TABLE 1**  
**System wide Outlet Summary for Years 2022 to 2024**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2022	50	47	-3
	2023	47	45	-2
	2024	45	46	+1
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	50	47	-3
	2023	47	45	-2
	2024	45	46	+1

**TABLE 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For Years 2022-2024**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
ALABAMA	2022	0
	2023	0
	2024	0
ALASKA	2022	0
	2023	0
	2024	0
ARIZONA	2022	0
	2023	0
	2024	0
ARKANSAS	2022	0
	2023	0
	2024	0
CALIFORNIA	2022	0
	2023	0
	2024	0
COLORADO	2022	0
	2023	0
	2024	0

<u>State</u>	<u>Year</u>	<u>Number of Transfers</u>
CONNECTICUT	2022	0
	2023	0
	2024	0
DELAWARE	2022	0
	2023	0
	2024	0
DISTRICT OF COLUMBIA	2022	0
	2023	0
	2024	0
FLORIDA	2022	0
	2023	0
	2024	0
GEORGIA	2022	0
	2023	0
	2024	0
HAWAII	2022	0
	2023	0
	2024	0
IDAHO	2022	0
	2023	0
	2024	0
ILLINOIS	2022	0
	2023	0
	2024	0
INDIANA	2022	0
	2023	0
	2024	0
IOWA	2022	0
	2023	0
	2024	0
KANSAS	2022	0
	2023	0
	2024	0
KENTUCKY	2022	0
	2023	0
	2024	0

<u>State</u>	<u>Year</u>	<u>Number of Transfers</u>
LOUISIANA	2022	0
	2023	0
	2024	0
MAINE	2022	0
	2023	0
	2024	0
MARYLAND	2022	0
	2023	0
	2024	0
MASSACHUSETTS	2022	0
	2023	0
	2024	0
<u>MICHIGAN</u>	2022	0
	2023	2
	2024	2
MINNESOTA	2022	0
	2023	0
	2024	0
MISSISSIPPI	2022	0
	2023	0
	2024	0
MISSOURI	2022	0
	2023	0
	2024	0
MONTANA	2022	0
	2023	0
	2024	0
NEBRASKA	2022	0
	2023	0
	2024	0
NEVADA	2022	0
	2023	0
	2024	0
NEW HAMPSHIRE	2022	0
	2023	0
	2024	0
NEW JERSEY	2022	0

<u>State</u>	<u>Year</u>	<u>Number of Transfers</u>
	2023	0
	2024	0
NEW MEXICO	2022	0
	2023	0
	2024	0
NEW YORK	2022	0
	2023	0
	2024	0
NORTH CAROLINA	2022	0
	2023	0
	2024	0
NORTH DAKOTA	2022	0
	2023	0
	2024	0
OHIO	2022	0
	2023	1
	2024	0
OKLAHOMA	2022	0
	2023	0
	2024	0
OREGON	2022	0
	2023	0
	2024	0
PENNSYLVANIA	2022	0
	2023	0
	2024	0
RHODE ISLAND	2022	0
	2023	0
	2024	0
SOUTH CAROLINA	2022	0
	2023	0
	2024	0
SOUTH DAKOTA	2022	0
	2023	0
	2024	0
TENNESSEE	2022	0

<u>State</u>	<u>Year</u>	<u>Number of Transfers</u>
	2023	0
	2024	0
TEXAS	2022	0
	2023	0
	2024	0
UTAH	2022	0
	2023	0
	2024	0
VERMONT	2022	0
	2023	0
	2024	0
VIRGINIA	2022	0
	2023	0
	2024	0
WASHINGTON	2022	0
	2023	0
	2024	0
WEST VIRGINIA	2022	0
	2023	0
	2024	0
WISCONSIN	2022	0
	2023	0
	2024	0
WYOMING	2022	0
	2023	0
	2024	0
PUERTO RICO	2022	0
	2023	0
	2024	0
U. S. VIRGIN ISLANDS	2022	0
	2023	0
	2024	0
OTHER U. S. TERRITORIES AND POSSESSIONS	2022	0
	2023	0
	2024	0
TOTAL	2022	0

<u>State</u>	<u>Year</u>	<u>Number of Transfers</u>
	2023	1
	2024	<u>2</u>

**TABLE 3a**  
**Status of Franchised Outlets for Years 2022-2024**

<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Terminations</u>	<u>Non-Renewals</u>	<u>Reacquired by Franchisor</u>	<u>Ceased Operations- Other Reasons</u>	<u>Outlets at End of the Year</u>
ALABAMA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
ALASKA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
ARIZONA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
ARKANSAS	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
CALIFORNIA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
COLORADO	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
CONNECTICUT	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
DELAWARE	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
DISTRICT OF COLUMBIA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
FLORIDA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
GEORGIA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Terminations</u>	<u>Non-Renewals</u>	<u>Reacquired by Franchisor</u>	<u>Ceased Operations-Other Reasons</u>	<u>Outlets at End of the Year</u>
	2024	0	0	0	0	0	0	0
HAWAII	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
IDAHO	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
ILLINOIS	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
INDIANA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
IOWA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
KANSAS	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
KENTUCKY	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
LOUISIANA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
MAINE	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
MARYLAND	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
MASSACHUSETTS	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
MICHIGAN	2022	14	0	0	0	0	1	13
	2023	13	0	0	0	0	2	11
	2024	11	1	0	0	0	0	12
MINNESOTA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Terminations</u>	<u>Non-Renewals</u>	<u>Reacquired by Franchisor</u>	<u>Ceased Operations- Other Reasons</u>	<u>Outlets at End of the Year</u>
	2024	0	0	0	0	0	0	0
MISSISSIPPI	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
MISSOURI	2022	7	0	0	0	0	2	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
MONTANA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
NEBRASKA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
NEVADA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
NEW HAMPSHIRE	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
NEW JERSEY	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
NEW MEXICO	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
NEW YORK	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
NORTH CAROLINA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
NORTH DAKOTA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
OHIO	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
OKLAHOMA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Terminations</u>	<u>Non-Renewals</u>	<u>Reacquired by Franchisor</u>	<u>Ceased Operations- Other Reasons</u>	<u>Outlets at End of the Year</u>
	2024	0	0	0	0	0	0	0
OREGON	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
PENNSYLVANIA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
RHODE ISLAND	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
SOUTH CAROLINA	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
SOUTH DAKOTA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
TENNESSEE	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
TEXAS	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
UTAH	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
VERMONT	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
VIRGINIA	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	0	6
WASHINGTON	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
WEST VIRGINIA	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
WISCONSIN	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Terminations</u>	<u>Non-Renewals</u>	<u>Reacquired by Franchisor</u>	<u>Ceased Operations- Other Reasons</u>	<u>Outlets at End of the Year</u>
	2024	0	0	0	0	0	0	0
WYOMING	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
PUERTO RICO	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
U. S. VIRGIN ISLANDS	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
OTHER U. S. TERRITORIES AND POSSESSIONS	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Totals	2022	50	0	0	0	0	3	47
	2023	47	0	0	0	0	2	45
	2024	45	1	0	0	0	0	46

**TABLE 4**  
**Status of Company Owned Outlets for years 2022-2024**

**THERE ARE NO COMPANY OWNED OUTLETS.**  
**OFFICERS OF FRANCHISOR OWN OUTLETS INDEPENDENTLY**

**TABLE 5**  
**Projected New Franchised Outlets as of December 31, 2024**

<b>State</b>	<b>Franchise Agreements Signed But Outlet Not Opened</b>	<b>Projected New Franchised Outlets in the Next Fiscal Year</b>	<b>Area Developer Agreements Signed But Not Yet Opened</b>	<b>Projected New Area Developers in the Next Fiscal Year</b>	<b>Projected New Company – Owned Outlets In the Next Fiscal Year</b>
ALABAMA	0	0	0	0	0
ALASKA	0	0	0	0	0
ARIZONA	0	0	0	0	0
ARKANSAS	0	0	0	0	0
CALIFORNIA	0	0	0	0	0
COLORADO	0	0	0	0	0
CONNECTICUT	0	0	0	0	0
DELAWARE	0	0	0	0	0
DISTRICT OF COLUMBIA	0	0	0	0	0
FLORIDA	1	1	0	0	0

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Area Developer Agreements Signed But Not Yet Opened	Projected New Area Developers in the Next Fiscal Year	Projected New Company – Owned Outlets In the Next Fiscal Year
GEORGIA	0	0	0	0	0
HAWAII	0	0	0	0	0
IDAHO	0	0	0	0	0
ILLINOIS	0	0	0	0	0
INDIANA	0	0	0	0	0
IOWA	0	0	0	0	0
KANSAS	0	0	0	0	0
KENTUCKY	0	0	0	0	0
LOUISIANA	0	0	0	0	0
MAINE	0	0	0	0	0
MARYLAND	0	0	0	0	0
MASSACHUSETTS	0	0	0	0	0
MICHIGAN	2	2	0	0	0
MINNESOTA	0	0	0	0	0
MISSISSIPPI	0	0	0	0	0
MISSOURI	0	0	0	0	0
MONTANA	0	0	0	0	0
NEBRASKA	0	0	0	0	0
NEVADA	0	0	0	0	0
NEW HAMPSHIRE	0	0	0	0	0
NEW JERSEY	0	0	0	0	0
NEW MEXICO	0	0	0	0	0
NEW YORK	0	0	0	0	0
NORTH CAROLINA	0	0	0	0	0
NORTH DAKOTA	0	0	0	0	0
OHIO	0	0	0	0	0
OKLAHOMA	0	0	0	0	0
OREGON	0	0	0	0	0
PENNSYLVANIA	0	0	0	0	0
RHODE ISLAND	0	0	0	0	0
SOUTH CAROLINA	0	0	0	0	0
SOUTH DAKOTA	0	0	0	0	0
TENNESSEE	0	0	0	0	0
TEXAS	0	0	0	0	0

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Area Developer Agreements Signed But Not Yet Opened	Projected New Area Developers in the Next Fiscal Year	Projected New Company – Owned Outlets In the Next Fiscal Year
UTAH	0	0	0	0	0
VERMONT	0	0	0	0	0
VIRGINIA	0	0	0	0	0
WASHINGTON	0	0	0	0	0
WEST VIRGINIA	0	0	0	0	0
WISCONSIN	0	0	0	0	0
WYOMING	0	0	0	0	0
PUERTO RICO	0	0	0	0	0
U. S. VIRGIN ISLANDS	0	0	0	0	0
Other U.S. Territories and Possessions	0	0	0	0	0
Total	3	3	0	0	0

Exhibit B-1 lists the names of all of our operating franchisees and the addresses and telephone numbers of their outlets as of August 2025. Exhibit B-2 lists the name, city and state, and business telephone number (of, if unknown, the last known telephone number) of every franchisee who had their franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. As of August 1, 2025, 48 stores are open. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. During the last 3 fiscal years, we have not signed any confidentiality clauses with current or former franchisees that would restrict them from speaking openly with you about their experience with us.

There are no franchisee organizations sponsored or endorsed by us, and no independent franchisee organizations have asked to be included in this disclosure document

## Item 21 FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit C is our audited financial statements for 2024, 2023, and 2022. Unaudited financial statements as of August 31, 2025, are attached. “THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM. Our fiscal year end is December 31.

**Item 22**  
**CONTRACTS**

Attached to this disclosure document are the following exhibits, which are unexecuted copies of the agreements:

EXHIBIT D: Standard Franchise Agreement With The Following Appendices: Appendix A - Ownership Addendum, Appendix B - Owners' Personal Guaranty Of Franchisee's Obligations ("Guaranty"), Appendix C - Owner Personal Covenants Regarding Confidentiality And Non-Competition, Appendix D - Silent Investors, Appendix E - Assignment Of Telephone Numbers, Appendix F - Lease Provisions, Appendix G - Franchise Agreement Location-Data Sheet, Appendix H - Authorization Agreement For Prearranged Payments \*Sample of General Release to the Franchise Agreement

ATTACHMENT: Personal Guaranty

EXHIBIT 1: Confidentiality and Non-Disclosure Agreement

D-1: Development Agreement

D-2: Sample of General Release for Area Developer Agreement Transfer

**Item 23**  
**RECEIPT**

Attached as the last two pages of this FDD is a Receipt Page acknowledging your receipt of this disclosure document.

**EXHIBIT A TO THE DISCLOSURE DOCUMENT**

**AGENT FOR SERVICE OF PROCESS AND  
STATE FRANCHISE ADMINISTRATORS**

<b>STATE</b>	<b>AGENCY</b>	<b>PROCESS, IF DIFFERENT</b>
<p>California Toll-free (866) 275-2677 Email: <a href="mailto:Ask.DFPI@dfpi.ca.gov">Ask.DFPI@dfpi.ca.gov</a> <a href="http://www.dfpi.ca.gov">www.dfpi.ca.gov</a></p>	<p>Department of Financial Protection and Innovation 1(866) ASK-CORP</p> <p>Los Angeles 320 West 4th Street, Suite 750 Los Angeles, CA 90013</p> <p>Sacramento 2101 Arena Blvd. Sacramento, CA 95834</p> <p>San Diego 1455 Frazee Road, Suite 315 San Diego, CA 92108</p> <p>San Francisco 1 Sansome Street, Suite 600 San Francisco, CA 94104</p>	<p>Commissioner of Financial Protection and Innovation</p> <p>Los Angeles 320 West 4th Street, Suite 750 Los Angeles, CA 90013</p> <p>Sacramento 2101 Arena Blvd. Sacramento, CA 95834</p> <p>San Diego 1455 Frazee Road, Suite 315 San Diego, CA 92108</p> <p>San Francisco 1 Sansome Street, Suite 600 San Francisco, CA 94104</p>
Hawaii	<p>Securities Examiner 335 Merchant Street, Room 203 Honolulu, HI 96813</p>	<p>Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813</p>
Illinois	<p>Franchise Division Office of Attorney General 500 South Second Street Springfield, IL 62706</p>	
Indiana	<p>Franchise Section Indiana Securities Division Secretary of State, Room E-111 302 W. Washington Street Indianapolis, IN 46204</p>	<p>Administrative Office of the Secretary of State 201 State House Indianapolis, IN 46204</p>
Maryland	<p>Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021</p>	<p>Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2021</p>
Michigan	<p>Consumer Protection Division Antitrust and Franchise Franchised Business Michigan Dept of Attorney General</p>	

STATE	AGENCY	PROCESS, IF DIFFERENT
	670 G. Mennen Williams Building 525 West Ottawa Lansing, MI 48933	
Minnesota	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198	Commissioner of Commerce Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198
New York	New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 212-416-8222	Secretary of State, State of New York One Commerce Plaza 99 Washington Avenue Albany, NY 12231-0001
North Dakota	Office of Securities Commissioner 5th Floor 600 East Boulevard Bismarck, ND 58505	
Oregon	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310	
Rhode Island	Division of Securities Department of Business Regulations Bldg. 69, 1st Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, RI 02920	
South Dakota	Department of Labor and Regulation Division of Securities 124 S Euclid, Suite 104 Pierre, SD 57501	
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219	Clerk of the State Corporation Commission 1300 East Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760

STATE	AGENCY	PROCESS, IF DIFFERENT
Wisconsin	Securities and Franchise Registration Division of Securities 4 <sup>th</sup> Floor 345 W. Washington Ave Madison, WI 53703	

**Exhibit's B-1, B-2**  
**Franchisees of Bellacino's**

**Exhibit B-1**

**Bellacino's Franchisee Chart/As of August 2025**

City	St	Street Address	Zip	First Owner(s)	Open date	New Owner(s)	closed/ date	Transfer / Date	email
Ft. Myers	FL	9377 Six Mile Cypress Pkwy. Suite 145	33966	Gary Ciaramitaro	2/11/2008				<a href="mailto:ggc8663@sbcglobal.net">ggc8663@sbcglobal.net</a>
Morris	IL	100 W. Gore Rd	60450	Jeff & Theresa Houseman 8159411110	7/17/2003	Tom & Lisa Wawczak		3/04/15	<a href="mailto:MrsWaz64@yahoo.com">MrsWaz64@yahoo.com</a> <a href="mailto:tomwawczak@att.net">tomwawczak@att.net</a>
Shelbyville	IN	1620 E. Michigan Rd	46176	Doug Drake 3193929000	5/8/2000				<a href="mailto:dugout4629@aol.com">dugout4629@aol.com</a>
Nicholasville	KY	161 East Brannon Road	40356	Larry Kruse 859-245-9111	2/1/2010	Escalante Pinestraw		2017	<a href="mailto:escalantepinestraw79@gmail.com">escalantepinestraw79@gmail.com</a>
Auburn Hills	MI	800 Brown Road	48326	Moud Hamza 248-391-4900	5/24/16		01/2023		<a href="mailto:moudhamza@aol.com">moudhamza@aol.com</a>
Chesterfield	MI	51355 Gratiot Ave	48051	Nick & Robin Mayer 5865980213	11/13/06	Shawn Gargalino 586-598-0213		05/3/21	<a href="mailto:Sgargalino131@comcast.net">Sgargalino131@comcast.net</a>
Clinton Township	MI	39771 Garfield Rd	48038	Tony Gorgievski 586-789-7932	10/2024				<a href="mailto:bellaGfamilia@outlook.com">bellaGfamilia@outlook.com</a>
Dearborn	MI	16001 Ford Rd, Ste 137	48126	Touffic Hamza 3139829000	3/1/1999				<a href="mailto:twhamza@yahoo.com">twhamza@yahoo.com</a>
Dearborn	MI	22537 Michigan Ave	48124	Touffic Hamza 3135635000	2/26/2001				<a href="mailto:twhamza@yahoo.com">twhamza@yahoo.com</a>
Detroit	MI	2867 7 Mile Rd	48234	Tony Anton 2483581600	10/7/2002				
Detroit	MI	1001 Woodward Ave	48226	Osama&Mustafa Jadallah 3139633000	9/22/2003		11/2022		<a href="mailto:moosej18@aol.com">moosej18@aol.com</a>
Detroit	MI	13970 Wyoming Ave.	48238	Tony Anton 313-397-3987	01/2025				<a href="mailto:am_yousif@hotmail.com">am_yousif@hotmail.com</a>
Farmington	MI	32720 Grand River Ave	48336	Ken Balcom 248909939	10/15/01	Joe Talka 248-473-3900		3/15/2010	<a href="mailto:joetakla@gmail.com">joetakla@gmail.com</a>
Livonia	MI	33312 Plymouth Rd.	48150	Tino Patel 586528111	02/2025				<a href="mailto:bellacinoslyvanlake@gmail.com">Bellacinoslyvanlake@gmail.com</a>

City	St	Street Address	Zip	First Owner(s)	Open date	New Owner(s)	closed/ date	Transfer / Date	email
Muskegon	MI	1891 Holton Rd Ste B	49445	Joe Maike 2317443111	1/20/2003	Lou Toarmina		11/2024	<a href="mailto:toarmina2012@gmail.com">toarmina2012@gmail.com</a>
Southfield	MI	29101 Northwestern Hwy	48034	Lascelles Pinnock 3133818787	4/6/1999	Tony Anton 2483581600		11/1/02	<a href="mailto:sam_yousif@hotmail.com">sam_yousif@hotmail.com</a>
St. Clair Shores	MI	22400 Harper	48080	Maria Rivera 5865528111	12/5/2005	Tino Patel		01/2024	<a href="mailto:bellacinoslyvanlake@gmail.com">Bellacinoslyvanlake@gmail.com</a>
Sylvan Lake	MI	2465 Orchard Lake Rd	48320	Jerome Maddux 3133193375	8/23/1999	Tino Patel		5/30/23	<a href="mailto:bellacinosylvanlake@gmail.com">bellacinosylvanlake@gmail.com</a>
Troy	MI	164 E. Maple	48083	Dr. Lascelles Pinnock 3133818787	8/2/1999	Prasanna Deshmukh		02/22/23	<a href="mailto:prasannarade@gmail.com">prasannarade@gmail.com</a>
Warren	MI	11536 E. Ten Mile Rd	48089	Gasper Ciaramitaro 5867556300	3/22/2000	Mike Fields		5/28/07 1/1/14 6/1/16	<a href="mailto:mfields@fbinsmi.com">mfields@fbinsmi.com</a>
West Bloomfield	MI	6107 Haggerty Rd	48332	2485618759	9/28/1998	Garrish Patel 2489605110 Sunil Sonawane	01/2023	1-Jul 11/13/16	<a href="mailto:Sunilas1711@gmail.com">Sunilas1711@gmail.com</a>
Arnold	MO	3484 Jeffco Blvd.	63010	Cindy & John Toal 636-461-3000	3/31/2008	Steve Sullivan and Bill Schnettgoeck e		11/1/16	<a href="mailto:bschnettg1@gmail.com">bschnettg1@gmail.com</a>
Kirksville	MO	518 North Baltimore Ste C	63501	Ed Featherston 6606657665	1/12/2000				<a href="mailto:bellacinoskv@yahoo.com">bellacinoskv@yahoo.com</a>
St. Charles	MO	1455 Bass Pro Dr.	63303	Gary Hart & Josh Toal 6369252953	5/10/2004				<a href="mailto:stlbellacinos@gmail.com">stlbellacinos@gmail.com</a>
St. Louis	MO	3817 Lemay Ferry Rd	63125	Gary Hart 3144876000	6/23/1999	Steve Sullivan and Bill Schnettgoeck e		11/13/16	<a href="mailto:bschnettg1@gmail.com">bschnettg1@gmail.com</a>
St. Louis	MO	4260 Hampton Ave	63129	Mike & Nancy Berkley 3148329700	11/20/02	Kelley Campbell	03/2022	3/1/12	<a href="mailto:autoslayer@yahoo.com">autoslayer@yahoo.com</a> <a href="mailto:bellacinos4me@gmail.com">bellacinos4me@gmail.com</a>

City	St	Street Address	Zip	First Owner(s)	Open date	New Owner(s)	closed/ date	Transfer / Date	email
St. Peters	MO	8099 Mexico Road	63376	Gary Hart 6369252953	2/5/2007				<a href="mailto:jjtoal@gmail.com">jjtoal@gmail.com</a>
Springfield	MO	4560 S. Campbell, Suite 136	65810	Blaine Goocher 4177204414	10/21/13		10/2022		<a href="mailto:blainegoocher@hotmail.com">blainegoocher@hotmail.com</a>
Gastonia	NC	1709 Neal Hawkins	28056	Phil & Liz Brown 7043415954	4/15/1999				<a href="mailto:pbrown16@carolina.rr.com">pbrown16@carolina.rr.com</a>
Columbus	OH	4926 Morse Rd	43230	Brian Bilow 6148555858	12/18/00				<a href="mailto:brian@bellacinos.us">brian@bellacinos.us</a>
Lima	OH	2330 Elida Road	45805	Nadya Shihadeh	12/10/08				<a href="mailto:bradruth@gmail.com">bradruth@gmail.com</a> <a href="mailto:lameicezaytoon@aol.com">lameicezaytoon@aol.com</a>
Stow	OH	3657 Fishcreek Road	44224	Brad & Kelly Ruth 3306891000	9/26/1998	David Segen		01/2023	<a href="mailto:dsegen@bellacinosofstow.com">dsegen@bellacinosofstow.com</a>
Easley	SC	601 Williams Ave. Suite E.	29640	Steve & Amy Parr 8648555818	1/14/2008				<a href="mailto:sparr13@charter.net">sparr13@charter.net</a>
Irmo	SC	1085 Lake Murray Blvd	29063	Cheryl Clark 8034074884	9/16/2002				<a href="mailto:bellacclark24@yahoo.com">bellacclark24@yahoo.com</a>
Lexington	SC	5339 Sunset Blvd. Hwy 378	29072	Cheryl Clark 8039576767	11/2/1998				<a href="mailto:bellacclark24@yahoo.com">bellacclark24@yahoo.com</a>
Simpsonville	SC	331 Harrison Bridge Rd.	29680	Tom & Amy Durney 8649674884	8/30/2004				<a href="mailto:tomdurney@charter.net">tomdurney@charter.net</a>
Summerville	SC	616 Bacon's Bridge Road	29485	Tammy Sears 931-808-4979	10/3/16				<a href="mailto:Tammytc67@gmail.com">Tammytc67@gmail.com</a>
Cookeville	TN	377 W. Jackson St. Ste 1-E	38501	Donnie Beller & Guy Wisehart 9315287600	5/24/1999				<a href="mailto:guywise123@gmail.com">guywise123@gmail.com</a>
Gordonsville	TN	112 Bradford Blvd. Suite 100	38563	Sami Arnouk 615-683-4000	6/23/16				<a href="mailto:sami.arnouk@gmail.com">sami.arnouk@gmail.com</a>
Hermitage	TN	4662 Lebanon Pike	37076	Chris Thompson 6158843020	6/13/2001	Wenjun Wu		07/2019	<a href="mailto:tingzhang2012@gmail.com">tingzhang2012@gmail.com</a>
Lebanon	TN	325-A Hwy 109 North	37087	Jalal Bachour 6155471414	7/21/2004	Sami Arnouk		5/15/14	<a href="mailto:Sami.arnouk@gmail.com">Sami.arnouk@gmail.com</a>

City	St	Street Address	Zip	First Owner(s)	Open date	New Owner(s)	closed/ date	Transfer / Date	email
Sevierville	TN	716 Dolly Parton Parkway	37862	Bob Maxson Jr. 8657747072	9/23/2002				<a href="mailto:bpkmax@aol.com">bpkmax@aol.com</a>
Bluefield	VA	4029 College Ave, Ridgeview Plaza	24605	Mike & Phil Fama 2763261400	3/18/2002				<a href="mailto:michaelf@suddenlinkmail.com">michaelf@suddenlinkmail.com</a> ; <a href="mailto:phillipandkelly@bellsouth.net">phillipandkelly@bellsouth.net</a>
Cedar Bluff	VA	2677 Steelsburg Hwy Suite 7	24609	Connie Cantrell 2769647400	4/3/2004				<a href="mailto:cnncantrell@yahoo.com">cnncantrell@yahoo.com</a>
Daleville	VA	1176 Roanoke Rd	24083	Mike Fortner & Bob Taylor 5409662222	3/17/2003				<a href="mailto:virginiabellacinos@yahoo.com">virginiabellacinos@yahoo.com</a>
Grundy	VA	21956 Riverside Dr.	24614	Connie Cantrell 2769357828	5/22/2006				<a href="mailto:cnncantrell@yahoo.com">cnncantrell@yahoo.com</a>
Richmond	VA	8026 - D West Broad St.	23294	Tom Carlson 8042707011	4/16/2001	Andy Singh 8042707011		1/1/07	<a href="mailto:rsjhaj@yahoo.com">rsjhaj@yahoo.com</a>
Roanoke	VA	4373 Starkey Road	24018	Mike Fortner & Bob Taylor 5409662222	2/1/2007				<a href="mailto:virginiabellacinos@yahoo.com">virginiabellacinos@yahoo.com</a>
Barboursville	WV	3028 Champion Dr.	25504	Jason Morgan 3047369111	11/29/05	Kimberly Shirkey		02/2025	<a href="mailto:kimberlyshirkey68@gmail.com">kimberlyshirkey68@gmail.com</a>
Beaver	WV	868 Ritter Dr	25813	Mike & Phil Fama 3042549929	6/7/1999				<a href="mailto:michaelf@suddenlinkmail.com">michaelf@suddenlinkmail.com</a> <a href="mailto:phillipandkelly@bellsouth.net">phillipandkelly@bellsouth.net</a>
Beckley	WV	1240 N. Eisenhower	25801	Mike & Phil Fama 3042534545	6/27/2005				<a href="mailto:michaelf@suddenlinkmail.com">michaelf@suddenlinkmail.com</a> <a href="mailto:phillipandkelly@bellsouth.net">phillipandkelly@bellsouth.net</a>
Lewisburg	WV	520 Jefferson Sq. N. Jefferson Ste 10	24901	Mike & Phil Fama 3046453601	4/21/2003				<a href="mailto:michaelf@suddenlinkmail.com">michaelf@suddenlinkmail.com</a> <a href="mailto:phillipandkelly@bellsouth.net">phillipandkelly@bellsouth.net</a>
Princeton	WV	1334 Stafford Drive	24740	Mike & Phil Fama	10/30/11				<a href="mailto:michaelf@suddenlinkmail.com">michaelf@suddenlinkmail.com</a> <a href="mailto:phillipandkelly@bellsouth.net">phillipandkelly@bellsouth.net</a>

**Exhibit B-2**

Please be advised that your contact information may be disclosed if you buy a franchise and later leave the Franchise System.

**Franchisee Chart of Transferred, Closed and Terminated Franchisees in the past 3 years As of August 2025**

City	St	Street Address	Zip	First Owner(s)	Open date	New Owner(s)	CLOSED / DATE	TRANSFER/ DATE	email
Auburn Hills	MI	800 Brown Road	48326	Moud Hamza 248-391-4900	5/24/16		01/2023		<a href="mailto:moudhamza@aol.com">moudhamza@aol.com</a>
Detroit	MI	1001 Woodward Ave	48226	Osama&Mustafa Jadallah 3139633000	9/22/2003		11/2022		<a href="mailto:moosej18@aol.com">moosej18@aol.com</a>
Muskegon	MI	1891 Holton Rd Ste B	49445	Joe Maike 2317443111	1/20/2003	Lou Toarmina		11/2024	<a href="mailto:toarmina2012@gmail.com">toarmina2012@gmail.com</a>
St. Clair Shores	MI	22400 Harper	48080	Maria Rivera 5865528111	12/5/2005	Tino Patel		01/2024	<a href="mailto:bellacinoslyvanlake@gmail.com">Bellacinoslyvanlake@gmail.com</a>
Sylvan Lake	MI	2465 Orchard Lake Rd	48320	Jerome Maddux 3133193375	8/23/1999	Tino Patel		5/30/23	<a href="mailto:bellacinosylvanlake@gmail.com">bellacinosylvanlake@gmail.com</a>
Troy	MI	164 E. Maple	48083	Dr. Lascelles Pinnock 3133818787	8/2/1999	Prasanna Deshmukh		02/22/23	<a href="mailto:prasannarade@gmail.com">prasannarade@gmail.com</a>
West Bloomfield	MI	6107 Haggerty Rd	48332		9/28/1998	Garrish Patel 2489605110 Sunil Sonawane	01/2023	1-Jul 11/13/16	<a href="mailto:Sunilas1711@gmail.com">Sunilas1711@gmail.com</a>
St. Louis	MO	4260 Hampton Ave	63129	Mike & Nancy Berkley 3148329700	11/20/02	Kelley Campbell	03/2022	3/1/12	<a href="mailto:autoslayer@yahoo.com">autoslayer@yahoo.com</a> <a href="mailto:bellacinos4me@gmail.com">bellacinos4me@gmail.com</a>
Springfield	MO	4560 S. Campbell, Suite 136	65810	Blaine Goocher 4177204414	10/21/13		10/2022		<a href="mailto:blainegoocher@hotmail.com">blainegoocher@hotmail.com</a>
Stow	OH	3657 Fishcreek Road	44224	Brad & Kelly Ruth 3306891000	9/26/1998	David Segen		01/2023	<a href="mailto:dsegen@bellacinosofstow.com">dsegen@bellacinosofstow.com</a>



**EXHIBIT C**  
**FINANCIAL STATEMENTS**

**Balance Sheet**  
**BELLACINO'S INC.**  
As of August 31, 2025

DISTRIBUTION ACCOUNT	TOTAL
<b>Assets</b>	
Current Assets	
Bank Accounts	
Bellacino's Inc.	
Cash	
EFT Royalty Account	
Fifth Third Bank Marketing Acct	
Gift Card Account	
Insurance Expense	
Reimbursed Travel	
Royalty Income	
S. Michigan Bank Mrkt. Account	43,943.25
S. Michigan Royalty Account	826,873.64
Southern Michigan Bank	69,741.42
<b>Total for Bank Accounts</b>	<b>\$940,558.31</b>
Accounts Receivable	
Accounts Receivable	8,500.00
<b>Total for Accounts Receivable</b>	<b>\$8,500.00</b>
Other Current Assets	
A/R - B&B	161,249.00
A/R - Settlement - B&B	10,686.00
Inventory Asset	
Marketing Receivable	31,347.00
Prepaid Insurance	1,291.00
Prepaid Supplies	1,350.00
Undeposited Funds	
<b>Total for Other Current Assets</b>	<b>\$205,923.00</b>
<b>Total for Current Assets</b>	<b>\$1,154,981.31</b>
Fixed Assets	
Accumulated Amortization	-17,747.48
Accumulated Depreciation	-89,833.00
Contract Services	
Furniture and Fixtures	17,890.00
Good Will	69,000.00
Leasehold Improvements	49,096.00
Machinery & Equipment	22,847.00
Startup Costs	1,264.15
<b>Total for Fixed Assets</b>	<b>\$52,516.67</b>

**Balance Sheet**  
**BELLACINO'S INC.**  
As of August 31, 2025

DISTRIBUTION ACCOUNT	TOTAL
Other Assets	
Pizza Numbers	
<b>Total for Other Assets</b>	<b>0</b>
<b>Total for Assets</b>	<b>\$1,207,497.98</b>
<hr/>	
Liabilities and Equity	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	
<b>Total for Accounts Payable</b>	<b>0</b>
Credit Cards	
VISA/Joe Mancino	
<b>Total for Credit Cards</b>	<b>0</b>
Other Current Liabilities	
Accounts Payable B&B	7,012.00
accrued payroll	8,568.00
Credit Card Payable B&B	3,441.00
Difered Income	54,950.00
Payroll Liabilities	90,302.75
State Income Tax Payable	4,137.00
<b>Total for Other Current Liabilities</b>	<b>\$168,410.75</b>
<b>Total for Current Liabilities</b>	<b>\$168,410.75</b>
Long-term Liabilities	
Note Payable	
<b>Total for Long-term Liabilities</b>	<b>0</b>
<b>Total for Liabilities</b>	<b>\$168,410.75</b>
Equity	
Capital Stock	10,000.00
Dividends	-654,854.00
Opening Bal Equity	
Paid In Capital	102,868.01
Royalty Disbursement	-1,155,554.00
Retained Earnings	2,325,198.57
Net Income	411,428.65
<b>Total for Equity</b>	<b>\$1,039,087.23</b>
<b>Total for Liabilities and Equity</b>	<b>\$1,207,497.98</b>

# Profit and Loss

BELLACINO'S INC.

January 1-August 31, 2025

DISTRIBUTION ACCOUNT	TOTAL
<b>Total for Income</b>	<b>\$956,454.52</b>
Cost of Goods Sold	
<b>Gross Profit</b>	<b>\$956,454.52</b>
Expenses	
Advertising	10,000.00
Automobile Expense	8,415.54
Bank Service Charges	96.00
CPA	12,950.00
Credit Card	37,359.89
Donations	1,250.00
Dues and Subscriptions	1,270.94
Equipement Repair	342.88
Equipment Moving	11,000.00
Equipment Rental	89.53
Federal Tax Payment	23,931.82
Fund Transfer	65,868.57
Insurance	48,280.02
Internet Account	4,907.63
Lawn	926.66
Marketing	33,048.00
Miscellaneous	-6,148.00
Office Cleaning	40.00
Payroll Expenses	146,868.19
Printing and Reproduction	219.68
Professional Fees	\$900.00
Legal Fees	12,437.00
<b>Total for Professional Fees</b>	<b>\$13,337.00</b>
Reconciliation Discrepancies	-1.34
Rent	9,600.00
Repairs	481.09
Service Charge	621.25
State Renewal	378.00
Taxes	28,390.52
Telephone	3,342.14
Training	10,622.94

# Profit and Loss

BELLACINO'S INC.

January 1-August 31, 2025

DISTRIBUTION ACCOUNT	TOTAL
Utilities	0
Gas and Electric	2,630.76
Water	1,530.94
<b>Total for Utilities</b>	<b>\$4,161.70</b>
Web Page	80,693.55
World Pay	959.38
<b>Total for Expenses</b>	<b>\$553,303.58</b>
<b>Net Operating Income</b>	<b>\$403,150.94</b>
Other Income	
Interest Income Royalty Acct.	3,094.67
Misc. Charge	7,220.36
<b>Total for Other Income</b>	<b>\$10,315.03</b>
Other Expenses	
Other Expenses	2,037.32
<b>Total for Other Expenses</b>	<b>\$2,037.32</b>
<b>Net Other Income</b>	<b>\$8,277.71</b>
<b>Net Income</b>	<b>\$411,428.65</b>



**Blystone & Bailey**

Jill Bourland, CPA  
Paul G. Truman, CPA  
Glen D. Blystone, CPA  
Thomas J. Bailey, CPA

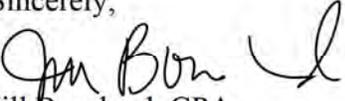
**Certified Public Accountants**  
619 S Mission Street  
Mt. Pleasant, MI 48858  
(989) 772-4673 | Fax (989) 772-6371  
Mt Pleasant | Midland | Canadian Lakes | Gaylord  
[www.blystonebailey.com](http://www.blystonebailey.com)

Bart N. Blystone, CPA  
Jonathon T. Crowley, CPA  
Leah M. Rau, CPA  
Nathan J. Haines, CPA

## CONSENT

Blystone & Bailey, CPAs, PC, consents to the use in the Franchise Disclosure Document issued by Bellacinos, Inc. ("Franchisor") on March 28, 2025, as it may be amended, of our report dated March 28, 2025, relating to the financial statements of Franchisor for the period ending December 31, 2024.

Sincerely,

  
Jill Bourland, CPA  
Blystone & Bailey, CPAs, PC  
March 28, 2025

**BELLACINO'S, INC.  
PORTAGE, MICHIGAN**

Annual Financial Statements

and Auditors' Report

December 31, 2024 and 2023



**Blystone & Bailey**

Certified Public Accountants

Mt Pleasant Midland Canadian Lakes Gaylord  
[www.blystonebailey.com](http://www.blystonebailey.com)

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# Blystone & Bailey

Jill Bourland, CPA  
Paul G. Truman, CPA  
Glen D. Blystone, CPA  
Thomas J. Bailey, CPA

**Certified Public Accountants**  
619 S Mission Street  
Mt. Pleasant, MI 48858  
(989) 772-4673 | Fax (989) 772-6371  
Mt Pleasant | Midland | Canadian Lakes | Gaylord  
[www.blystonebailey.com](http://www.blystonebailey.com)

Bart N. Blystone, CPA  
Jonathon T. Crowley, CPA  
Leah M. Rau, CPA  
Nathan J. Haines, CPA

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Bellacino's, Inc.  
10096 Shaver Road  
Portage, Michigan 49024

### **Opinion**

We have audited the accompanying financial statements of Bellacino's, Inc., which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income, retained earnings and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position, of Bellacino's, Inc. as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bellacino's, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bellacino's, Inc. ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bellacino's, Inc. internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bellacino's, Inc. ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Blystone & Bailey, CPAs PC*

**Blystone & Bailey, CPAs, PC**

Mt. Pleasant, MI

March 28, 2025

**BELLACINO'S INC.**  
**PORTAGE, MICHIGAN**  
**BALANCE SHEETS**  
**DECEMBER 31, 2024 AND 2023**

**ASSETS**

	<b><u>2024</u></b>	<b><u>2023</u></b>
<b>Current assets</b>		
Cash	\$ 998,605	\$ 929,712
Accounts receivable, net	183,375	203,282
Refundable state taxes	10,591	0
Prepaid expenses	<u>2,657</u>	<u>2,641</u>
<b>Total current assets</b>	<b>1,195,228</b>	<b>1,135,635</b>
<b>Property and equipment</b>		
Equipment	22,847	22,847
Furniture and fixtures	17,890	17,890
Leasehold improvements	<u>49,096</u>	<u>49,096</u>
	89,833	89,833
Less: Accumulated depreciation	<u>(89,833)</u>	<u>(89,833)</u>
<b>Net property and equipment</b>	<b>0</b>	<b>0</b>
<b>Other assets</b>		
Start up cost	1,264	1,264
Goodwill	<u>69,000</u>	<u>69,000</u>
	70,264	70,264
Less: Accumulated amortization	<u>(17,747)</u>	<u>(17,747)</u>
<b>Net other assets</b>	<b><u>52,517</u></b>	<b><u>52,517</u></b>
<b>Total assets</b>	<b><u>\$ 1,247,745</u></b>	<b><u>\$ 1,188,152</u></b>

See auditors' report and notes to the financial statements.

**BELLACINO'S INC.**  
**PORTAGE, MICHIGAN**  
**BALANCE SHEETS**  
**DECEMBER 31, 2024 AND 2023**

**LIABILITIES**

	<b><u>2024</u></b>	<b><u>2023</u></b>
<b>Current liabilities</b>		
Accounts payable	\$ 3,595	\$ 7,012
Credit card payable	4,630	3,441
State income tax payable	0	4,137
Accrued payroll	5,186	8,568
Payroll taxes payable	4,938	3,831
Deferred revenue - current	<u>8,510</u>	<u>7,730</u>
<b>Total current liabilities</b>	<b>26,859</b>	<b>34,719</b>
<b>Long-term liabilities</b>		
Deferred revenue - long-term	<u>29,070</u>	<u>47,220</u>
<b>Total liabilities</b>	<b>55,929</b>	<b>81,939</b>

**STOCKHOLDERS' EQUITY**

<b>Stockholders' equity</b>		
Common stock		
60,000 shares authorized		
10,000 shares issued and outstanding	10,000	10,000
Paid in capital	102,868	102,868
Retained earnings	<u>1,078,948</u>	<u>993,345</u>
<b>Total</b>	<b><u>1,191,816</u></b>	<b><u>1,106,213</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 1,247,745</u></b>	<b><u>\$ 1,188,152</u></b>

See auditors' report and notes to the financial statements.

**BELLACINO'S INC.**  
**PORTAGE, MICHIGAN**  
**STATEMENTS OF INCOME AND RETAINED EARNINGS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>Revenues</b>		
Franchise fees	\$ 11,370	\$ 8,290
Royalties	857,825	821,068
Franchise contributions for advertising	368,623	367,436
Rebates	<u>337,503</u>	<u>387,810</u>
<b>Total operating revenue</b>	1,575,321	1,584,604
<b>Cost of sales</b>		
Reimbursed expenses	22,472	28,421
Franchise advertising	433,938	460,561
Payroll taxes	12,143	11,115
Salaries and wages	164,612	165,182
Health insurance	69,417	66,347
Franchising costs	596	4,631
Legal	22,430	19,940
Auto and lease	<u>10,452</u>	<u>10,452</u>
<b>Total cost of sales</b>	<u>736,060</u>	<u>766,649</u>
<b>Gross profit</b>	839,261	817,955

See auditors' report and notes to the financial statements.

**BELLACINO'S INC.**  
**PORTAGE, MICHIGAN**  
**STATEMENTS OF INCOME AND RETAINED EARNINGS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>Operating expenses</b>		
Telephone / internet	12,377	16,849
Uniforms	0	124
Equipment rental	166	154
Rent	14,400	14,400
Utilities	6,004	4,740
Repairs and maintenance	1,366	2,410
Insurance	2,082	7,993
Office supplies and expenses	11,044	13,321
Bank charges	1,850	2,453
Postage	1,455	1,119
Accounting	13,650	12,735
Licenses	2,728	2,397
Meetings/seminars	0	340
Dues and subscriptions	2,797	0
Gifts and contributions	3,050	2,141
	72,969	81,176
<b>Total operating expenses</b>		
	72,969	81,176
<b>Income (loss) from operations</b>	766,292	736,779
<b>Other income (expenses)</b>		
Miscellaneous	271	3,167
State income taxes	(27,089)	(31,137)
Interest income	6,079	4,948
Interest expense	(35)	0
Penalties	(207)	0
	(20,981)	(23,022)
<b>Total other income (expenses)</b>		
	(20,981)	(23,022)
<b>Net income (loss)</b>	\$ 745,311	\$ 713,757
<b>Retained earnings at beginning of period</b>	993,345	934,442
<b>Dividends paid to stockholders</b>	(659,708)	(654,854)
<b>Retained earnings at end of period</b>	\$ 1,078,948	\$ 993,345

See auditors' report and notes to the financial statements.

**BELLACINO'S INC.**  
**PORTAGE, MICHIGAN**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities</b>		
Net income (loss)	\$ 745,311	\$ 713,757
<b>Adjustments to reconcile net income (loss) to net cash provided by operating activities</b>		
(Increase) decrease in accounts receivable	19,907	87,839
(Increase) decrease in refundable state taxes	(10,591)	4,284
(Increase) decrease in prepaid expenses	(16)	38,762
Increase (decrease) in accounts payable	(3,417)	(4,785)
Increase (decrease) in credit card payable	1,189	(3,166)
Increase (decrease) in state income tax payable	(4,137)	4,137
Increase (decrease) in deferred revenue - current	780	280
Increase (decrease) in deferred revenue - long-term	(18,150)	29,830
Increase (decrease) in other accrued expenses	(2,275)	5,227
<b>Total adjustments</b>	<u>(16,710)</u>	<u>162,408</u>
<b>Net cash provided (used) by operating activities</b>	728,601	876,165
<b>Cash flows from financing activities</b>		
Dividends paid to stockholders	<u>(659,708)</u>	<u>(654,854)</u>
<b>Net increase (decrease) in cash</b>	68,893	221,311
<b>Cash at beginning of year</b>	<u>929,712</u>	<u>708,401</u>
<b>Cash at end of year</b>	<u>\$ 998,605</u>	<u>\$ 929,712</u>

See auditors' report and notes to the financial statements.

**BELLACINO'S, INC.**  
**PORTAGE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of certain significant accounting policies followed in the preparation of these financial statements. The financial statements and notes are representations of management, who is responsible for their integrity and objectivity.

**NATURE OF BUSINESS**

Bellacino's, Inc. is a franchisor of Bellacino's restaurants throughout the United States and provides training and consulting services to the franchisees. The restaurant operations are in accordance with franchise agreements.

**ORGANIZATION**

The Corporation was formed on June 21, 1993 in the State of Michigan and became an S-corporation effective April 18, 1995.

**STOCKHOLDERS' EQUITY**

The stockholder's equity consists of retained earnings and common stock-voting outstanding. There are 60,000 shares of common stock authorized, 30,000 voting and 30,000 nonvoting, with 10,000 voting issued and outstanding, with a stated value of \$10,000 as of December 31, 2024 and 2023.

**BASIS OF ACCOUNTING**

The Company maintains its records and financial statements on the accrual basis of accounting. Under this method of accounting, revenues and expenses are identified with specific periods of time and are recorded as incurred, along with acquired assets, without regard to the date of receipt or payment of cash.

**CASH AND CASH EQUIVALENTS**

For the purposes of the statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

**ACCOUNTS RECEIVABLE**

Accounts receivable is stated at net realizable value, credit losses are recorded using the direct write-off method. Generally accepted accounting principles require that the allowance for credit losses method be used to reflect credit loss expense. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance for credit losses method been followed. All accounts receivable presented on the balance sheets are the result of contracts with customers.

**FIXED ASSETS**

Fixed assets are recorded at cost. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets ranging from five to ten years.

**BELLACINO'S, INC.**  
**PORTAGE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**INTANGIBLES**

Start-up costs incurred with establishing Bellacino's, Inc. were amortized over a sixty-month period. At December 31, 2024 and 2023, start-up costs were fully amortized.

**GOODWILL**

Goodwill was a result of the Company's purchase of the previous stockholder's interest and the rights to the franchise of Bellacino's, Inc. Goodwill, recorded on acquisitions prior to June 30, 2001, was amortized on a straight-line basis over 15 years. Amortization of this goodwill ceased as of December 31, 2001. The Company evaluates goodwill on an annual basis for potential impairment. At the statement date it has been determined that no impairment exists.

**REVENUE RECOGNITION**

**REBATES**

Rebate income arises from agreements with suppliers, typically in the form of volume-based discounts and are recognized when the income can be reasonably determined and /or at a point in time when the related purchases have occurred.

**CONTRACTS WITH CUSTOMERS**

During the years ended December 31, 2024 and 2023, the Company recognized revenue from contracts with customers of \$1,237,818 and \$1,196,794, respectively. Below is a discussion of how the Company's revenues are earned and the performance obligations are satisfied.

**FRANCHISE FEES**

Franchise fees are recognized over time as revenue over the term of each respective franchise agreement. Revenues for these initial franchise fees are recognized on a straight-line basis, which is consistent with the franchisee's right to use and benefit from the intellectual property. Revenues from upfront franchise fees are presented within franchise fees in the Company's Statements of Income and Retained Earnings.

**ROYALTIES**

Royalty fees are continuing fees that are charged at the rate of two to four percent of sales and are recognized at a point in time as the related restaurant sales occurred.

**BELLACINO'S, INC.**  
**PORTAGE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**REVENUE RECOGNITION (CONTINUED)**

**MARKETING/PROMOTION FEES**

The franchisor collects a one percent marketing and promotion fee on the franchise's gross sales and is held in a marketing and promotion fund. On behalf of the franchises, the franchisor administers the production and placement of media advertising, mailing of brochures and literature, surveys conducted and other advertising materials. Marketing/promotion fees earned at a point in time and included in franchise contributions for advertising on the Company's Statements of Income and Retained Earnings amounted to \$368,623 and \$367,436 for the years ending December 31, 2024 and 2023, respectively. Marketing/promotion expenses incurred and included in franchise advertising amounted to \$433,938 and \$460,561 for the years ending December 31, 2024 and 2023, respectively.

Contracts recognized at a point in time have no satisfied performance obligations that would result in contract assets, other than accounts receivable.

Deferred revenue represents initial franchise fees for which substantially all services to be provided by the Company have not yet been performed. These contract liabilities are the amounts for which performance obligations are deemed to be satisfied within or greater than one year of the balance sheet date are classified as current or long-term, respectively.

The following summarizes contract assets and liabilities as of December 31,

	<u>2024</u>		<u>2023</u>	
	End of year	Beginning of year	End of year	Beginning of year
Accounts receivable, customers	\$114,034	\$148,707	\$148,707	\$223,680
Accounts receivable, rebates	69,341	54,575	54,575	67,441
Accounts receivable - total	<u>\$183,375</u>	<u>\$203,282</u>	<u>\$203,282</u>	<u>\$291,121</u>
Deferred revenue – current	\$8,510	\$7,730	\$7,730	\$7,450
Deferred revenue – long term	29,070	47,220	47,220	17,390
Total contract liabilities	<u>\$37,580</u>	<u>\$54,950</u>	<u>\$54,950</u>	<u>\$24,840</u>

There were no unbilled receivables. There were also no changes in judgments related to revenue recognition for the years ended December 31, 2024 and 2023, respectively.

**BELLACINO'S, INC.**  
**PORTAGE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**INCOME TAXES**

The Company's stockholders elected under the Internal Revenue Code and Michigan state law to be taxed as an S corporation effective April 18, 1995. In lieu of corporate federal income taxes, stockholders are taxed on their proportionate share of the Company's net income. Accordingly, no provision of liability for income taxes has been made in the accompanying financial statements. State income tax obligations on the Company's income or loss and any refund rights are reflected on the Company's financial statements. Generally, the Company's tax filings remain open for three years for Federal income tax examination.

**ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the period. Accordingly, actual results could differ from those estimates.

**RECLASSIFICATIONS**

Certain reclassifications have been made to the 2023 financial statements to conform to the 2024 financial statements. Net income and equity are unchanged as a result of these reclassifications.

**NOTE 2 – RELATED PARTY TRANSACTIONS**

Bellacino's, Inc. has the following related transactions with the stockholders at December 31, 2024 and 2023:

- a) Dan Warnaar, 9% stockholder, received auto lease payments under a month-to-month lease in the amount of \$10,452 for each of the years ended December 31, 2024 and 2023, respectively.

**NOTE 3 – CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS**

The Company maintains its cash in bank deposit accounts and financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The bank accounts, at times, exceeded federally insured limits. The Company has not experienced any losses on such accounts. At December 31, 2024 and 2023 the Company's uninsured cash balance was \$757,934 and \$690,726, respectively.

**NOTE 4 – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

The Company's operations are concentrated in the restaurant franchising industry. As the Company's royalty and marketing revenue is based on franchisee restaurant sales, any significant economic events affecting the franchisees would directly impact the operations of the Company.

**BELLACINO'S, INC.**  
**PORTAGE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 5 – RENT EXPENSE**

The Company rents various equipment and office space with lease terms of one year or less. Rental expense incurred for the years ended December 31, 2024 and 2023 was as follows:

	<u>2024</u>	<u>2023</u>
Equipment	\$166	\$154
Office space	14,400	14,400
Auto	10,452	10,452
Total rent expense	<u>\$25,018</u>	<u>\$25,006</u>

**NOTE 6 – STATE INCOME TAXES**

The Company elected to participate in the State of Michigan's Flow-Through Entity Tax program during the year ended December 31, 2022. Under this program, the Company is assessed and pays State income taxes on its net business income or loss in lieu of being assessed to the shareholders on their distributive share of the Company's income or loss. State income taxes amounting to \$27,089 and \$31,137 were assessed and paid during the years ended December 31, 2024 and 2023, respectively. Refundable (payable) state income taxes at December 31, 2024 and 2023 amounted to \$10,591 and (\$4,137), respectively.

**NOTE 7 – LITIGATION**

The Corporation is, from time to time, involved in various lawsuits in the normal course of business in which most cases are franchise infringement actions. The Corporation, acting as plaintiff, seeks to protect franchise area rights. Management believes that the outcome of these matters will be successful in nearly all cases.

During 2022, the Corporation discovered there had been an unauthorized franchisee store transfer during a prior year. As a result of the contract violation, a settlement was reached and the franchisee agreed to pay \$225,000 in previously unassessed royalties, which is included in royalty revenue for the year ended December 31, 2022. Amounts due on the settlement and included in accounts receivable were \$0 and \$10,686 at December 31, 2024 and 2023, respectively. The settlement receivable has been fully collected as of December 31, 2024.

**NOTE 8 – FRANCHISED STORES**

As of December 31, 2023, there were forty-five franchisee owned stores open. One franchisee owned store opened during 2024 and one store transferred ownership in 2024, for a total of forty-six franchisee stores open as of December 31, 2024.

**NOTE 9 - EVENTS OCCURRING AFTER REPORTING DATE**

The Company has evaluated events and transactions that occurred between December 31, 2024 and March 28, 2025, which is the date the financial statements were available to be issued, for possible recognition for disclosure in the financial statements.

**BELLACINO'S, INC.  
PORTAGE, MICHIGAN**

Annual Financial Statements

and Auditors' Report

December 31, 2023 and 2022



**Blystone & Bailey**

Certified Public Accountants

Mt Pleasant Midland Canadian Lakes Gaylord  
[www.blystonebailey.com](http://www.blystonebailey.com)

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Bellacino's, Inc.  
10096 Shaver Road  
Portage, Michigan 49024

### **Opinion**

We have audited the accompanying financial statements of Bellacino's, Inc., which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income, retained earnings and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position, of Bellacino's, Inc. as of December 31, 2023 and 2022, and its results of operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bellacino's, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Correction of Error**

As described in Note 9 to the financial statements, certain errors resulting in understatements of accounts receivable as of December 31, 2022, were discovered by the external auditor during the current year. Accordingly, amounts reported accounts receivable and their corresponding effect on tax provisions have been restated in the December 31, 2023, to correct the errors. Our opinion is not modified with respect to that matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bellacino's, Inc. ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional

omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bellacino's, Inc. internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bellacino's, Inc. ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Blystone & Bailey, CPAs, PC**

Mt. Pleasant, MI

April 3, 2024

**BELLACINO'S INC.**  
**PORTAGE, MICHIGAN**  
**BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**

**ASSETS**

	<b><u>2023</u></b>	<b><u>Restated 2022</u></b>
<b>Current assets</b>		
Cash	\$ 929,712	\$ 708,401
Accounts receivable, net	203,282	291,121
Refundable state taxes	0	4,284
Prepaid expenses	<u>2,641</u>	<u>41,403</u>
<b>Total current assets</b>	<b>1,135,635</b>	<b>1,045,209</b>
<b>Property and equipment</b>		
Equipment	22,847	22,847
Furniture and fixtures	17,890	17,890
Leasehold improvements	<u>49,096</u>	<u>49,096</u>
	89,833	89,833
Less: Accumulated depreciation	<u>(89,833)</u>	<u>(89,833)</u>
<b>Net property and equipment</b>	<b>0</b>	<b>0</b>
<b>Other assets</b>		
Start up cost	1,264	1,264
Goodwill	<u>69,000</u>	<u>69,000</u>
	70,264	70,264
Less: Accumulated amortization	<u>(17,747)</u>	<u>(17,747)</u>
<b>Net other assets</b>	<b><u>52,517</u></b>	<b><u>52,517</u></b>
<b>Total assets</b>	<b><u>\$ 1,188,152</u></b>	<b><u>\$ 1,097,726</u></b>

See auditors' report and notes to the financial statements.

**BELLACINO'S INC.**  
**PORTAGE, MICHIGAN**  
**BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**

**LIABILITIES**

	<b><u>2023</u></b>	<b>Restated <u>2022</u></b>
<b>Current liabilities</b>		
Accounts payable	\$ 7,012	\$ 11,797
Credit card payable	3,441	6,607
State income tax payable	4,137	0
Accrued payroll	8,568	3,010
Payroll taxes payable	3,831	4,162
Deferred revenue - current	<u>7,730</u>	<u>7,450</u>
<b>Total current liabilities</b>	<b>34,719</b>	<b>33,026</b>
<b>Long-term liabilities</b>		
Deferred revenue - long-term	<u>47,220</u>	<u>17,390</u>
<b>Total liabilities</b>	<b>81,939</b>	<b>50,416</b>

**STOCKHOLDERS' EQUITY**

<b>Stockholders' equity</b>		
Common stock		
60,000 shares authorized		
10,000 shares issued and outstanding	10,000	10,000
Paid in capital	102,868	102,868
Retained earnings	<u>993,345</u>	<u>934,442</u>
<b>Total</b>	<b><u>1,106,213</u></b>	<b><u>1,047,310</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 1,188,152</u></b>	<b><u>\$ 1,097,726</u></b>

See auditors' report and notes to the financial statements.

**BELLACINO'S INC.**  
**PORTAGE, MICHIGAN**  
**STATEMENTS OF INCOME AND RETAINED EARNINGS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

Restated

	<u>2023</u>	<u>Restated 2022</u>
<b>Revenues</b>		
Franchise fees	\$ 8,290	\$ 19,850
Royalties	821,068	930,730
Franchise contributions for advertising	367,436	357,924
Rebates	387,810	357,765
Product development	0	15,115
Other	<u>0</u>	<u>10,000</u>
<b>Total operating revenue</b>	<b>1,584,604</b>	<b>1,691,384</b>
<b>Cost of sales</b>		
Reimbursed expenses	28,421	30,054
Franchise advertising	460,561	428,217
Payroll taxes	11,115	10,961
Salaries and wages	165,182	151,768
Health insurance	66,347	48,753
Franchising costs	4,631	1,125
Legal	19,940	40,451
Auto and lease	<u>10,452</u>	<u>10,240</u>
<b>Total cost of sales</b>	<b><u>766,649</u></b>	<b><u>721,569</u></b>
<b>Gross profit</b>	<b>817,955</b>	<b>969,815</b>

See auditors' report and notes to the financial statements.

**BELLACINO'S INC.**  
**PORTAGE, MICHIGAN**  
**STATEMENTS OF INCOME AND RETAINED EARNINGS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>Restated</u> <u>2022</u>
<b>Operating expenses</b>		
Telephone / internet	16,849	14,325
Uniforms	124	0
Equipment rental	154	153
Rent	14,400	14,400
Utilities	4,740	5,739
Repairs and maintenance	2,410	9,036
Insurance	7,993	1,804
Office supplies and expenses	13,321	19,137
Bank charges	2,453	1,315
Postage	1,119	904
Accounting	12,735	11,250
Licenses	2,397	3,040
Meetings/seminars	340	20,048
Gifts and contributions	2,141	200
<b>Total operating expenses</b>	<b>81,176</b>	<b>101,351</b>
 <b>Income (loss) from operations</b>	 <b>736,779</b>	 <b>868,464</b>
<b>Other income (expenses)</b>		
Miscellaneous	3,167	(1,845)
State income taxes	(31,137)	(51,341)
Interest income	4,948	276
<b>Total other income (expenses)</b>	<b>(23,022)</b>	<b>(52,910)</b>
<b>Net income (loss)</b>	<b>\$ 713,757</b>	<b>\$ 815,554</b>
 <b>Retained earnings at beginning of period</b>	 <b>934,442</b>	 <b>933,068</b>
 <b>Dividends paid to stockholders</b>	 <b>(654,854)</b>	 <b>(814,180)</b>
<b>Retained earnings at end of period</b>	<b>\$ 993,345</b>	<b>\$ 934,442</b>

See auditors' report and notes to the financial statements.

**BELLACINO'S INC.**  
**PORTAGE, MICHIGAN**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<b><u>2023</u></b>	<b><u>Restated 2022</u></b>
<b>Cash flows from operating activities</b>		
Net income (loss)	\$ 713,757	\$ 815,554
<b>Adjustments to reconcile net income (loss) to net cash provided by operating activities</b>		
(Increase) decrease in accounts receivable	92,123	(190,384)
(Increase) decrease in prepaid expenses	38,762	9,041
Increase (decrease) in accounts payable	(4,785)	7,166
Increase (decrease) in credit card payable	(3,166)	5,209
Increase (decrease) in state income tax payable	4,137	0
Increase (decrease) in deferred revenue - current	280	(5,560)
Increase (decrease) in deferred revenue - long-term	29,830	(14,290)
Increase (decrease) in other accrued expenses	5,227	(1,585)
<b>Total adjustments</b>	<u>162,408</u>	<u>(190,403)</u>
<b>Net cash provided (used) by operating activities</b>	876,165	625,151
<b>Cash flows from financing activities</b>		
Capital contributions	0	10,200
Dividends paid to stockholders	<u>(654,854)</u>	<u>(814,180)</u>
<b>Net cash provided (used) by financing activities</b>	<u>(654,854)</u>	<u>(803,980)</u>
<b>Net increase (decrease) in cash</b>	221,311	(178,829)
<b>Cash at beginning of year</b>	<u>708,401</u>	<u>887,230</u>
<b>Cash at end of year</b>	<u>\$ 929,712</u>	<u>\$ 708,401</u>

See auditors' report and notes to the financial statements.

**BELLACINO'S, INC.**  
**PORTAGE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of certain significant accounting policies followed in the preparation of these financial statements. The financial statements and notes are representations of management, who is responsible for their integrity and objectivity.

**NATURE OF BUSINESS**

Bellacino's, Inc. is a franchisor of Bellacino's restaurants throughout the United States and provides training and consulting services to the franchisees. The restaurant operations are in accordance with franchise agreements.

**ORGANIZATION**

The Corporation was formed on June 21, 1993 in the State of Michigan and became an S-corporation effective April 18, 1995.

**STOCKHOLDERS' EQUITY**

The stockholder's equity consists of retained earnings and common stock-voting outstanding. There are 60,000 shares of common stock authorized, 30,000 voting and 30,000 nonvoting, with 10,000 voting issued and outstanding, with a stated value of \$10,000 as of December 31, 2023 and 2022.

**BASIS OF ACCOUNTING**

The Company maintains its records and financial statements on the accrual basis of accounting. Under this method of accounting, revenues and expenses are identified with specific periods of time and are recorded as incurred, along with acquired assets, without regard to the date of receipt or payment of cash.

**CASH AND CASH EQUIVALENTS**

For the purposes of the statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

**ACCOUNTS RECEIVABLE**

Accounts receivable is stated at net realizable value, credit losses are recorded using the direct write-off method. Generally accepted accounting principles require that the allowance for credit losses method be used to reflect credit loss expense. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance for credit losses method been followed. All accounts receivable presented on the balance sheets are the result of contracts with customers.

**FIXED ASSETS**

Fixed assets are recorded at cost. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets ranging from five to seven years.

**BELLACINO'S, INC.**  
**PORTAGE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**INTANGIBLES**

Start-up costs incurred with establishing Bellacino's, Inc. were amortized over a sixty-month period. At December 31, 2023 and 2022, start-up costs were fully amortized.

**GOODWILL**

Goodwill was a result of the Company's purchase of the previous stockholder's interest and the rights to the franchise of Bellacino's, Inc. Goodwill, recorded on acquisitions prior to June 30, 2001, was amortized on a straight-line basis over 15 years. Amortization of this goodwill ceased as of December 31, 2001. The Company evaluates goodwill on an annual basis for potential impairment. At the statement date it has been determined that no impairment exists.

**REVENUE RECOGNITION**

**REBATES**

Rebate income arises from agreements with suppliers, typically in the form of volume-based discounts and are recognized when the income can be reasonably be determined and /or at a point in time when the related purchases have occurred.

**CONTRACTS WITH CUSTOMERS**

During the years ended December 31, 2023 and 2022, the Company recognized revenue from contracts with customers of \$1,196,794 and \$1,308,504, respectively. Below is a discussion of how the Company's revenues are earned and the performance obligations are satisfied.

**FRANCHISE FEES**

Franchise fees are recognized over time as revenue over the term of each respective franchise agreement. Revenues for these initial franchise fees are recognized on a straight-line basis, which is consistent with the franchisee's right to use and benefit from the intellectual property. Revenues from upfront franchise fees are presented within franchise fees in the Company's Statements of Income and Retained Earnings.

**ROYALTIES**

Royalty fees are continuing fees that are charged at the rate of two to four percent of sales and are recognized at a point in time as the related restaurant sales occurred.

**BELLACINO'S, INC.**  
**PORTAGE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**REVENUE RECOGNITION (CONTINUED)**

**MARKETING/PROMOTION FEES**

The franchisor collects a one percent marketing and promotion fee on the franchise's gross sales and is held in a marketing and promotion fund. On behalf of the franchises, the franchisor administers the production and placement of media advertising, mailing of brochures and literature, surveys conducted and other advertising materials. Marketing/ promotion fees earned at a point in time and included in franchise contributions for advertising on the Company's Statements of Income and Retained Earnings amounted to \$367,436 and \$357,924 for the years ending December 31, 2023 and 2022, respectively. Marketing/promotion expenses incurred and included in franchise advertising amounted to \$460,561 and \$428,217 for the years ending December 31, 2023 and 2022, respectively.

Contracts recognized at a point in time have no satisfied performance obligations that would result in contract assets, other than accounts receivable.

Deferred revenue represents initial franchise fees for which substantially all services to be provided by the Company have not yet been performed. These contract liabilities are the amounts for which performance obligations are deemed to be satisfied within or greater than one year of the balance sheet date are classified as current or long-term, respectively.

The following summarizes contract assets and liabilities as of December 31,

	<u>2023</u>		<u>2022-Restated</u>	
	End of year	Beginning of year	End of year	Beginning of year
Accounts receivable, customers	\$148,707	\$223,680	\$223,680	\$96,896
Accounts receivable, rebates	54,575	67,441	67,441	8,125
Accounts receivable - total	<u>\$203,282</u>	<u>\$291,121</u>	<u>\$291,121</u>	<u>\$105,021</u>
Deferred revenue – current	\$7,730	\$7,450	\$7,450	\$13,010
Deferred revenue – long term	47,220	17,390	17,390	31,680
Total contract liabilities	<u>\$54,950</u>	<u>\$24,840</u>	<u>\$24,840</u>	<u>\$44,690</u>

There were no unbilled receivables. There were also no changes in judgments related to revenue recognition for the years ended December 31, 2023 and 2022, respectively.

**BELLACINO'S, INC.**  
**PORTAGE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**INCOME TAXES**

The Company's stockholders elected under the Internal Revenue Code and Michigan state law to be taxed as an S corporation effective April 18, 1995. In lieu of corporate federal income taxes, stockholders are taxed on their proportionate share of the Company's net income. Accordingly, no provision of liability for income taxes has been made in the accompanying financial statements. State income tax obligations on the Company's income or loss and any refund rights are reflected on the Company's financial statements. Generally, the Company's tax filings remain open for three years for Federal income tax examination.

**ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the period. Accordingly, actual results could differ from those estimates.

Federal income tax examination.

**RECLASSIFICATIONS**

Certain reclassifications have been made to the 2022 financial statements to conform to the 2023 financial statements. Net income and equity are unchanged as a result of these reclassifications.

**NOTE 2 – RELATED PARTY TRANSACTIONS**

Bellacino's, Inc. has the following related transactions with the stockholders at December 31, 2023 and 2022:

- a) Dan Warnaar, 9% stockholder, received auto lease payments under a month-to-month lease in the amount of \$10,452 and \$10,240 for years ended December 31, 2023 and 2022, respectively.

**NOTE 3 – CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS**

The Company maintains its cash in bank deposit accounts and financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The bank accounts, at times, exceeded federally insured limits. The Company has not experienced any losses on such accounts. At December 31, 2023 and 2022 the Company's uninsured cash balance was \$690,726 and \$361,830, respectively.

**BELLACINO'S, INC.**  
**PORTAGE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 4 – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

The Company's operations are concentrated in the restaurant franchising industry. As the Company's royalty and marketing revenue is based on franchisee restaurant sales, any significant economic events affecting the franchisees would directly impact the operations of the Company.

**NOTE 5 – RENT EXPENSE**

The Company rents various equipment and office space with lease terms of one year or less. Rental expense incurred for the years ended December 31, 2023 and 2022 was as follows:

	<u>2023</u>	<u>2022</u>
Equipment	\$154	\$153
Office space	14,400	14,400
Auto	10,452	10,240
Total rent expense	<u>\$25,006</u>	<u>\$24,793</u>

**NOTE 6 – STATE INCOME TAXES**

The Company elected to participate in the State of Michigan's Flow-Through Entity Tax program during the year ended December 31, 2022. Under this program, the Company is assessed and pays State income taxes on its net business income or loss in lieu of being assessed to the shareholders on their distributive share of the Company's income or loss. State income taxes amounting to \$31,137 and \$51,341 were assessed and paid during the years ended December 31, 2023 and 2022, respectively. Refundable (payable) state income taxes at December 31, 2023 and 2022 amounted to (\$4,317) and \$4,284, respectively.

**NOTE 7 – LITIGATION**

The Corporation is, from time to time, involved in various lawsuits in the normal course of business in which most cases are franchise infringement actions. The Corporation, acting as plaintiff, seeks to protect franchise area rights. Management believes that the outcome of these matters will be successful in nearly all cases.

During 2022, the Corporation discovered there had been an unauthorized franchisee store transfer during a prior year. As a result of the contract violation, a settlement was reached and the franchisee agreed to pay \$225,000 in previously unassessed royalties, which is included in royalty revenue for the year ended December 31, 2022. Amounts due on the settlement and included in accounts receivable were \$10,686 and \$125,000 at December 31, 2023 and 2022, respectively. The settlement receivable is deemed fully collectible.

**BELLACINO'S, INC.**  
**PORTAGE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 8 – FRANCHISED STORES**

As of December 31, 2022, there were forty-eight franchisee owned stores open. Three franchisee owned stores closed during 2022 and three stores transferred ownership in 2023, for a total of forty-five franchisee stores open as of December 31, 2023.

**NOTE 9 – CORRECTIONS OF ERROR – PRIOR PERIOD ADJUSTMENT**

A correction was made to increase accounts receivable and rebate income of \$67,441 for the year ended December 31, 2022 that related to the prior year that was identified during the current year audit. The amounts have been restated in 2022.

**NOTE 10 - EVENTS OCCURING AFTER REPORTING DATE**

The Company has evaluated events and transactions that occurred between December 31, 2023 and April 3, 2024, which is the date the financial statements were available to be issued, for possible recognition for disclosure in the financial statements.

**EXHIBIT D**  
**FRANCHISE AGREEMENT**

**BELLACINO'S  
STANDARD FRANCHISE AGREEMENT  
(Single Unit)**

**STORE LOCATION:**

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Store #BEL-\_\_\_\_\_

**FRANCHISEE:**

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**Phone:** \_\_\_\_\_

**Fax:** \_\_\_\_\_

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**BELLACINO'S**  
**STANDARD FRANCHISE AGREEMENT**

This Franchise Agreement (this "Agreement") is being entered into between Bellacino's, Inc., a Michigan corporation ("we", "Bellacino's" or "us" in this Agreement), and \_\_\_\_\_ ("you" or "Franchisee" in this Agreement). If you are a corporation, Limited Liability Company or partnership, or if this Agreement is transferred to a corporation, Limited Liability Company or partnership, the term "owners" in this Agreement refers to the shareholders, members or partners of such corporation, Limited Liability Company or partnership. Unless otherwise approved by Bellacino's, the term "controlling shareholder or partner" refers to the person who owns fifty-one percent (51%) or more of the general partnership interest of such partnership or the equity and voting power of the issued and outstanding capital stock of such corporation or the managing member of the limited liability company.

**FRANCHISE SUMMARY:** TERM: 10 Years    **EFFECTIVE DATE:** \_\_\_\_\_

FRANCHISEE: \_\_\_\_\_, a \_\_\_\_\_

business ENTITY: \_\_\_ corporation \_\_\_ partnership \_\_\_ proprietorship \_\_\_ individual  
\_\_\_ Limited Liability Company    formed under the laws of \_\_\_\_\_

FRANCHISED LOCATION: \_\_\_\_\_  
\_\_\_\_\_  
Telephone:    (\_\_\_\_) \_\_\_\_\_  
Facsimile:    (\_\_\_\_) \_\_\_\_\_  
Email:        \_\_\_\_\_

INITIAL FEE: \$35,000.00  
TRANSFER FEE: \$5,000.00  
CONTINUING FEE: 5% monthly  
MARKETING FEE: 1% monthly  
TECHNOLOGY FEE: \$550.00 monthly  
LOCAL ADVERTISING EXPENDITURE: up to  
2% ATTORNEY OR ADVISOR:

\_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_  
Email: \_\_\_\_\_

## 1. INTRODUCTION.

1.1 **Preambles.** We have developed a concept for restaurants and carry out facilities offering pizza, grinders and other food products and beverages and restaurant and prepared food services (collectively referred to in this Agreement as "Products"). These facilities are known as "Bellacino's Pizza and Grinders Restaurants" and operate under distinctive business formats, methods, procedures, designs, layouts, standards and specifications, all of which we may improve, further develop or otherwise modify from time to time. In connection with the operation of Bellacino's Pizza and Grinders Restaurants, we use, promote and license certain trademarks, service marks and other commercial symbols (including the trade and service marks "Bellacino's®", "Gotta Grab A Grinder®", "Not Fast Food...Oven Baked and Worth the Wait®" and associated logos), which have gained and continue to gain public acceptance and goodwill, and we may hereafter create, use and license additional trademarks, service marks and commercial symbols in conjunction with the operation of Bellacino's Pizza and Grinders Restaurants (collectively, the "Marks").

We grant to persons, who meet our qualifications and are willing to undertake the investment and effort, a franchise to operate a Bellacino's Pizza and Grinders Restaurant offering the products and services we authorize and approve, and utilizing our business formats, methods, procedures, signs, designs, layouts, products, equipment, standards and specifications and the Marks (the "System").

1.2 **Acknowledgments.** You acknowledge that you have read this Agreement and our Disclosure Document and understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at each Bellacino's Pizza and Grinders Restaurant, and thereby to protect and preserve the goodwill of the Marks. You acknowledge that you have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by a Bellacino's Pizza and Grinders Restaurant may evolve and change over time, that an investment in a Bellacino's Pizza and Grinders Restaurant involves business risks and that your business abilities and efforts are vital to the success of the venture. You acknowledge and agree that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to display the following notice in a prominent place at the business: ***"This Bellacino's Pizza & Grinders Restaurant is a franchise of Bellacino's Inc. and is independently owned and operated."*** You agree to always indicate your status as an independent contractor and franchisee on any document or information released by you in connection with the business. Any information you acquire from other Bellacino's Pizza and Grinders Restaurant franchisees relating to their sales, profits or cash flows does not constitute information obtained from us, nor do we make any representation as to the accuracy of any such information. You acknowledge that, in all of their dealings with you, our officers, directors, employees, area directors and agents act only in a representative capacity, and not in an individual capacity. All business dealings between you and such persons as a result of this Agreement are solely between you and us. You further acknowledge that we have advised you to have this Agreement reviewed and explained to you by an attorney or advisor.

1.3 **Representation.** You represent to us, as an inducement to our entry into this Agreement, that all statements you have made and all materials you have submitted to us in connection with your application for a franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise. We have approved your application for a franchise for a Bellacino's Pizza and Grinders Restaurant in reliance upon all of your representations to us.

You have applied to Bellacino's for a franchise to operate a Bellacino's restaurant utilizing Bellacino's System and the Marks at the location identified in this Agreement. Your application has been approved by Bellacino's in reliance upon all of the representations made in your application, including those concerning your financial resources, your other investments and interests and the manner in which the franchise will be operated.

**You acknowledge that you have read this Agreement and our Franchise Disclosure Document and been given an opportunity to obtain clarification of any provision that you did not understand. You also understand and agree that the terms and conditions contained in this Agreement are necessary to maintain Bellacino's high standards of quality and service and the uniformity of those standards at all Bellacino's restaurants.**

1.4 **Organizational Documents.** If you are, or at any time become a corporation, limited liability company, partnership, or other legal entity, you and each of your Owners agree and represent that:

(a) you are duly organized and validly existing under the laws of the state of your organization, and, if a foreign business corporation, partnership, limited liability company or other legal entity, you are duly qualified to transact business in the state in which your business is located;

(b) you have the authority to execute and deliver this Agreement and to perform your obligations hereunder;

(c) your activities are restricted to those necessary solely for the development, ownership and operation of a Bellacino's Pizza and Grinders business in accordance with this Agreement and in accordance with any other agreements entered into with us or any of our Affiliates;

(d) the articles or certificate of incorporation, partnership agreement or other organizational documents recite that the issuance, transfer or pledge of any direct or indirect legal or beneficial ownership interest is restricted by the terms of this Agreement;

(e) all certificates representing direct or indirect legal or beneficial ownership interests in you now or hereafter issued must bear a legend in conformity with applicable law reciting or referring to such restrictions; and

(f) you agree to provide us with copies of your Operating Agreement for review and reference. We agree to maintain strict confidentiality on all incorporation papers and Operating Agreements you provide to us.

1.5 **Disclosure Of Ownership Interests.** You and each of your Owners owning 10% or more of the company, or managing operators represents, warrants and agrees that attached Appendix A is current, complete and accurate. You agree that updated copies of Appendix A will be furnished promptly to us, so that Appendix A (as so revised and signed by you) is at all times current, complete and accurate. Each person who is or becomes an Owner must execute an agreement in the form we prescribe, undertaking to be bound jointly and severally by the terms of this Agreement, the current form of which is attached hereto as Appendix B. Each person who is or becomes an Owner must execute an agreement in the form we prescribe, undertaking to be bound by the confidentiality and non-competition covenants contained in the Agreement, the current form of which is attached hereto as Appendix C. Each Owner must be an individual acting in his individual capacity. In addition, if you have one or more Silent Investors, you and each of your Owners owning 10% or more must execute the attached Appendix D.

1.6 **Responsible Owner/Management Of Business.** If you are, or at any time become, a business corporation, partnership, limited liability company or other legal entity, you must designate in Appendix A as the "Responsible Owner" an individual approved by us who must be an Owner and have the authority to bind you regarding all operational decisions with respect to your Bellacino's Pizza and Grinders business; and have completed our training program to our satisfaction. You (or your Responsible Owner) shall exert your best efforts to the development and operation of your business and all other Bellacino's Pizza and Grinders businesses you own. You (or your Responsible Owner) may request our approval of an operator that has completed our training program to our satisfaction (an "Approved Operator") to whom you may

delegate your obligations to develop and operate your business. Such a request must be made in writing, and you must cooperate with us to provide all information we reasonably request to approve or reject the proposed individual. Such approval shall be given in our sole discretion. If we approve an Approved Operator, you must amend Appendix A to include that individual and require that the Approved Operator sign a confidentiality and non-compete agreement with us. We shall have no responsibility, liability or obligation to any party to any such arrangement, agreement or contract, or any amendments thereto, made under this Article on account of our approval thereof or otherwise, and you agree to indemnify and hold us harmless with respect thereto. You must notify us of any proposed change of the Responsible Owner or Approved Operator and receive our written approval prior to such change. If such change results from the death or incapacitation of the Responsible Owner, you must submit a new proposed Responsible Owner within thirty (30) days after such death or incapacitation. Neither you nor your owners will, directly or indirectly, take any actions to avoid or restrict the authority requirement for the Responsible Owner. Your business at all times must be managed by you (or your Responsible Owner or Approved Operator) or by an on-site general or assistant manager or a shift supervisor who has completed the appropriate training programs.

1.7 **Facility Organization.** Your business must be staffed by at least one trained general manager or assistant manager and appropriate sales associate, and personnel so that all shifts are staffed by at least one assistant manager or sales associate, unless otherwise approved by us.

1.8 **Certain Definitions.** The terms listed below have meanings that follow them and include the plural as well as the singular. Other terms are defined elsewhere in this Agreement in the context in which they arise.

“Advertising Fund” - Defined in Section 13.4.

“Affiliate” - Any person or entity that directly or indirectly owns or controls the referenced party, that is directly or indirectly owned or controlled by the referenced party, or that is under common control with the referenced party. The term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract, or otherwise.

Appendix(s) to this Franchise Agreement: APPENDIX A - OWNERSHIP ADDENDUM, APPENDIX B - OWNERS’ PERSONAL GUARANTY OF FRANCHISEE’S OBLIGATIONS (“Guaranty”), APPENDIX C - OWNER PERSONAL COVENANTS REGARDING CONFIDENTIALITY AND NON-COMPETITION, APPENDIX D - SILENT INVESTORS, APPENDIX E - ASSIGNMENT OF TELEPHONE NUMBERS, APPENDIX F - LEASE PROVISIONS, APPENDIX G - FRANCHISE AGREEMENT LOCATION-DATA SHEET, APPENDIX H - AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS

“Approved Supplier” - Any supplier, including us, an Affiliate of ours, or an independent third party, whom we authorize to act as an approved supplier of services or goods.

“Approved Operator” – Defined in Section 15.6. The franchisee, partner, and/or approved manager.

“Assignment of Telephone Numbers” – Appendix E to Assign telephone numbers if transfer or termination.

“Business” - The Bellacino’s Pizza and Grinders business operated by you at the franchise location under the terms of this Agreement.

“Competitive Business” - Any competing business. A competing business is a business offering pizza(s) or/or grinder(s) or similar types of submarine sandwiches and pizza(s) “Pizza and Grinders/Submarine Sandwich restaurant business”

“Confidential Information” – Any information that is proprietary to the methods of operation of a Bellacino’s restaurant.

“Construction Information” – Described in Section 8.3.

“Continuing Fees” - Defined in Section 6.1.

“Corporation or Partnership” - The term “corporation or partnership” as used herein to describe your business entity shall, if applicable, include reference to your formation as a limited liability company, limited liability partnership, or any other type of limited liability entity.

“EFT” – The term “EFT” means the electronic transfer of funds to us from a bank account, as well as any other current or future form of pre-authorized payment. (see Appendix I)

“Employees/Personnel” - All persons employed by you in connection with the development, management, or operation of your business, including persons in management positions for your Bellacino’s Pizza and Grinders, assistant managers, hourly employees and all other persons who work in or for your business.

“Initial Term” – Defined in Section 2.2.

“Marks” - The current and future tradenames, trademarks, service marks and trade dress used to identify the services and/or products offered by Bellacino’s businesses, including the mark “Bellacino’s” and the distinctive building design and color scheme of Bellacino’s Pizza and Grinders businesses.

“Methods of Operation” - The Operations Manual we provide to you containing mandatory and suggested specifications, standards, operating procedures and rules that we prescribe from time to time for the operation of a Bellacino’s business and any other information we provide to you during the term of the Agreement relating to your operation of the franchise business or to any other of your obligations under this Agreement and related agreements.

“Operations Manual” – The term “Operations Manual” means the confidential Bellacino’s Pizza and Grinders Methods of Operation, which may include, without limitation, any information, documents and materials that describe our mandatory and suggested standards, specifications, marketing strategies and policies, and operating procedures relating to the development and operation of Bellacino’s Pizza and Grinders businesses and your obligations under this Agreement, as well as all other electronic and written materials, documents or information that we designate as a Method of Operation or specifically as part of the Operations Manual. The term “Operations Manual” also includes (1) alternative or supplemental means of communicating such information by other media which specifically reference that they are to be considered part of the Operations Manual, including bulletins, e-mails, videos, audio files, items posted on Perspire Intranet, and (2) any and all optional manuals that we may offer, and you choose to purchase. The Operations Manual (and each component thereof) constitutes a confidential trade secret and will remain our property.

“Owner” – Each person that has any direct or indirect legal or beneficial ownership interest in you, if you are a business corporation, partnership, limited liability company or other legal entity. Each Owner that has ten percent (10%) or greater interest in you, if you are a business corporation, partnership, limited liability

company or other legal entity, must sign Appendix B to this Agreement (Owners' Personal Guaranty of Franchisee's Obligations) and Appendix C to this Agreement (Owner Personal Covenants Regarding Confidentiality and Non-Competition). Additionally, all owners must sign a Non-Disclosure and Confidentiality Agreement. However, if we are entering into this Agreement totally or partially based on the financial qualifications, experience, skills or managerial qualifications of any person or entity who directly or indirectly owns 10% or less interest in the franchisee, we have the right to designate that person as an Owner who must sign Appendix B to this Agreement. In addition, if the franchisee is a partnership entity, then each person or entity who, now or hereafter is or becomes a general partner is deemed an Owner who must sign Appendix B and Appendix C, regardless of the percentage ownership interest. If the franchisee is one or more individuals, each individual is an Owner. Each franchisee must have at least one Owner. Your Owner(s) is/are identified on Appendix A to this Agreement. Every time there is a change in the persons or entities who are your Owners, you must, within seven (7) calendar days from the date of such change, notify us of the change and cooperate with us in updating Appendix A. As used in this Agreement, any reference to Owner includes all Owners.

"Relocation" – The moving of the Location for the business and developing a new Bellacino's Pizza and Grinders business in close proximity at a new location, approved by us, and transferring all members from the business to the new Bellacino's Pizza and Grinders business. A Relocation may include a consolidation of two Bellacino's Pizza and Grinders businesses operated by you for business reasons if approved by us in our sole discretion.

"Responsible Owner" - The individual you so designate in Appendix A and any replacement thereof approved by us. The Responsible Owner must be an Owner (or Approved Operator) who has the authority to, and does in fact, actively direct your business affairs related to the business and has the authority to sign on your behalf on all contracts and commercial documents.

"Silent Investor" - All individuals and/or entities identified in Appendix D owning 10% or more in the company.

"Transfer" - The voluntary, involuntary, direct or indirect sale, assignment, transfer, license, sublicense, transfer, testamentary disposition or other disposition of this Agreement, any interest in or right under this Agreement, or any form of ownership interest in you or the assets, revenues or income of your business including: (1) any transfer, redemption or issuance of a legal or beneficial ownership interest in the capital stock of, or a partnership interest in, you or of any interest convertible to or exchangeable for capital stock of, or a partnership interest in, you; (2) any merger or consolidation between you and another entity, whether or not you are the surviving corporation; (3) any transfer in, or as a result of, a divorce, insolvency, corporate or partnership dissolution proceeding or otherwise by operation of law; (4) any transfer upon your death or the death of any of your Owners by will, declaration of or transfer in trust or under the laws of interstate succession; or (5) any foreclosure upon your business or the transfer, surrender or loss by you of possession, control or management of your business.

## 2. GRANT AND TERM OF FRANCHISE.

2.1 Grant. Subject to the terms of this Agreement, Bellacino's grants to you a franchise to operate one (1) Bellacino's restaurant (the "restaurant") under the Bellacino's System and a license to use the Marks in the operation of the Bellacino's at the single location identified in the Franchise Summary as the Franchised Location.

2.2 Term of Franchise. The term of this Agreement shall be for a period of ten (10) years,

commencing on the date of opening of the restaurant (or if this Agreement is being signed in connection with a renewal or transfer of the franchise, commencing on the day following the expiration or termination of the previous franchise agreement, as the case may be). You agree to complete development of the restaurant and have the restaurant ready to open within a reasonable time after obtaining possession of the site for the restaurant. If you do not open the restaurant within twelve (12) months from the effective date of this Agreement as defined in Paragraph 21.10, we will have the option to terminate this Agreement upon the giving of written notice to you.

### 3. **RENEWAL OF FRANCHISE.**

3.1 **Renewal Term.** You may, at your option, continue the Franchised Business for the Franchised Location for two (2) additional terms of ten (10) years each. Franchisee shall give written notice of its intent to exercise the option to Franchisor at least sixty (60) days prior to the expiration of the initial term or the renewal term. Any attempted renewal of this Agreement by Franchisee is subject to the following conditions, all of which must be met prior to each renewal period, unless, and to the extent expressly waived in writing by the Franchisor:

(a) At the time of renewal, the Franchisee shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between the Franchisee and the Franchisor or its subsidiaries, affiliates and suppliers. The Franchisee shall have substantially complied with all of the terms and conditions of all such agreements during the terms thereof;

(b) The Franchisee or its Operating Partner and its approved manager shall attend the Franchisor's then current qualification and training programs at the Franchisee's expense;

(c) The Franchisee's operation and management of the Franchised Business shall be in full compliance with the System;

(d) The Franchisee shall maintain and be in good standing with all of its necessary and applicable licenses and permits; and

(e) The Franchisee must sign Franchisor's then-current form of Franchise Agreement (or has executed other documents at Franchisor's election that modify this Agreement to reflect the fact that the Franchise Agreement relates to the grant of a successor franchise), which Franchise Agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Franchise Agreement by requiring, among other things, a different percentage royalty fee or a contribution; provided, however, that the Franchisee shall not be required to pay the then-current Initial Fee.

Notwithstanding any attempt by Franchisee to renew this Agreement, in the event that any of the foregoing conditions to renewal have not been met at least two (2) months prior to the expiration of the then-current term of this Agreement, then the Franchisor shall have no obligation to renew this Agreement and shall give the Franchisee written notice of its intent not to renew this Agreement, which notice shall set forth the reasons for such refusal to renew.

There shall be no Initial Fee due upon renewal.

### 4. **TERRITORIAL RIGHTS AND OBLIGATIONS.**

4.1 **Territory and Reserved Rights.** Except as otherwise provided in this Agreement, during the term of this Agreement, Franchisor will not establish or operate, nor license any other person to establish or operate, a Bellacino's Restaurant at any location within the territory specified in **Appendix G** (the "Data

Sheet”). Franchisor retains the rights, among others, on any terms and conditions Franchisor deems advisable, and without granting Franchisee any rights:

4.1.1 To own, acquire, establish, and/or operate and license others to establish and operate, Bellacino’s Restaurants under the System at any location outside the Territory;

4.1.2 To own, acquire, establish and/or operate and license others to establish and operate, non-restaurant businesses under the Proprietary Marks, at any location outside the Territory;

4.1.3 To own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Proprietary Marks, whether such businesses are similar or different from the Franchised Restaurant, at any location outside the Territory;

4.1.4 To own, acquire, establish, and/or operate and license others to establish and operate, Bellacino’s Restaurants under the Proprietary Marks at Institutional Accounts (as defined below) at any location outside the Territory. As used in this Agreement, “**Institutional Accounts**” will mean outlets that serve primarily the customers located within the facility, such as captive audience facilities (examples include, but are not limited to, parks charging admission, stadiums, amusement parks and centers, theaters and art centers), limited purpose facilities (examples include, but are not limited to, airports, transportation centers, department stores, indoor shopping centers, business and industrial complexes, museums, educational facilities, hospitals, art centers, and recreational parks), limited access facilities (examples include, but are not limited to, military complexes, buyer club businesses, educational facilities, business and industrial complexes), and other types of institutional accounts; and

4.1.5 To sell and to distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products (including the Products) through grocery or convenience stores or through outlets that are primarily retail in nature, or through mail order, toll free numbers, or the Internet, including those products bearing Franchisor’s Proprietary Marks provided that distribution is outside the Territory.

## 5. **INITIAL PAYMENTS.**

5.1 **Initial Fee/Transfer Fee.** You will pay Bellacino's an Initial Fee of Thirty-Five Thousand Dollars (\$35,000.00) for this restaurant. **OR** You will pay Bellacino’s a Transfer Fee of Five Thousand Dollars (\$5,000.00) for this restaurant. If you enter into an Area Development Agreement, the Initial fee for the first restaurant is \$35,000.00, and the Initial Fee for subsequent restaurants is as outlined on the Summary Page of the Development Agreement. The Initial Fee/Transfer Fee shall be due and payable upon execution of this Agreement by you. The Initial Fee/Transfer Fee payable by you is payment, in part, to Bellacino's for the costs incurred by Bellacino's to operate its business, including costs for general sales and administrative expenses, travel, training, marketing costs, legal and accounting fees, compliance with franchising and other laws, and the initial services rendered to you as set forth in this Agreement.

5.2 **Approval of Franchisee.** We reserve the right to reject or disapprove you at any time if: we determine that your Managers are not qualified or competent to properly manage or participate in the operation of your Bellacino's Pizza and Grinders Restaurant because such person has failed to successfully complete Bellacino's certified training program, or because such person is deemed by Bellacino's to be incapable of successfully completing the Bellacino's training program and you have not hired a new Manager to take their place to be trained.

5.3 **Refund of Initial Fee.** If you are rejected by Bellacino's pursuant to Article 5.2, we have the right to retain the 50% payment of the initial fee as payment for the administrative and out-of-pocket expenses incurred by Bellacino's, including, but not limited to, executives' and employees' salaries, salespersons' commissions, attorneys' fees, accountants' fees, travel expenses, training costs, legal

compliance, marketing costs and long-distance telephone calls. You will be notified by Bellacino's in writing if you are disapproved by Bellacino's pursuant to Article 5.2.

5.4 **Pre-Opening Advertising Fee.** The Franchisee shall be expected to expend, at least thirty (30) days prior to the opening of the Franchised Business, an amount presently estimated to be Five Thousand Dollars (\$5,000.00) to Ten Thousand Dollars (\$10,000.00) for public relations, promotions, marketing, advertisements, direct mail, coupons, and other initial marketing expenses relating to the opening of the Franchised Business.

## 6. **CONTINUING FEES AND OTHER CHARGES.**

6.1 **Amounts and Payment.** During the term of the franchise, you agree to pay us:

- (a) a continuing fee of five percent (5%) of the monthly net sales of the restaurant; and
- (b) one percent (1%) of the monthly net sales of the restaurant for the Advertising Fund as detailed in Section 13.4 below.
- (c) Technology Fee - \$550 per month The Technology Fee covers the following: Online Ordering Platform, Customer Loyalty Platform, Gift Card Platform, Inventory Control System, SEO, Nutrition Analysis Software, Email, Website page

These fees will be paid on a monthly basis no later than the 5<sup>th</sup> day of the month for which each sales report has been submitted.

6.2 **Definition of Net Sales.** "Net Sales" is defined as all sales generated through the Franchised Business, including but not limited to, fees for any products or goods sold by the Franchisee, whether for cash or credit (and regardless of collectability), and income of every kind or nature related to the Franchised Business including barter and trade; provided, however, that "Net Sales" shall not include the sales price of goods returned by customers and any sales tax or other taxes collected from customers by the Franchisee for transmittal to the appropriate taxing authority, nor shall it include any sales attributable to coupon purchases.

6.3 **Interest on Late Payments.** All net sales fees, advertising contributions and all other amounts owed to us pursuant to this Agreement will bear interest after the due date at the rate of one and one-half percent (1-1/2%) per month, or at the highest legal rate for open account business credit in the state in which the restaurant is located, whichever is lower.

6.4 **Electronic Funds Transfer.** Designated Account And Authorized Funds Transfer prior to the opening of the Bellacino's Pizza and Grinders business, and as a condition thereof, you shall establish a designated bank account from which we or our authorized designee shall be authorized to withdraw in any manner which we prescribe, which may include wire transfer, any amounts due to us, our Affiliates or any Preferred Vendor from you under this Agreement, including, without limitation, Royalty fees, Ad Fees, training fees, technology fees, consultation fees, or any other fees or monies payable by you pursuant to this Agreement. We have the right to review your sales numbers on a daily basis. On the last day of the month for the month prior, we or our authorized designee shall calculate the Royalty due for the prior month, and withdraw such amount, along with any other amounts then due and owing under this Agreement, including, without limitation, Ad Fees, training fees, technology fees, other supplier fees billed to us on your behalf, consultation fees, or any other fees or monies, directly from the designated account. You hereby authorize us to make such withdrawals by EFT withdrawal or any other manner we prescribe and shall execute such documents as we require from time to time for such purpose. All costs and expenses of establishing and maintaining such designated account, including transaction fees and wire transfer fees, shall be paid by you. You agree to maintain at all times sufficient funds in such designated bank accounts

for such withdrawals. See Appendix H for the EFT form to be signed.

7. **RESTAURANT LOCATION.**

7.1 **Location and Use.** You may operate the restaurant only at the location specified in Paragraph 4.1 and you may not relocate the restaurant except with our prior written consent. The restaurant may only be used for the operation of a Bellacino's restaurant and other related activities approved by us in writing. You shall not allow the premises of the restaurant to be used for any immoral or illegal purpose.

7.2 **Relocation.** If your lease expires or terminates for any reason other than a default by you thereunder or if the site is condemned, destroyed or rendered unusable, we will grant permission for relocation of the restaurant to a location and site meeting our standards. Any relocation will be at your sole expense.

7.3 **Restaurant Lease.** The lease for the site of the restaurant to be operated by you in connection with this Agreement shall contain provisions in the form approved by us which allows for assignment of the lease to us or our designee and which requires the Lessor to give us notice of any defaults by you under the lease and an opportunity to cure any such default in the event you fail to do so. See Appendix F "Lease Provisions" to share with the Lessor.

The lease must be submitted to us *prior* to execution for our examination and written approval to confirm that it contains terms and provisions required by Bellacino's, Inc. to be contained in the lease, including, but not limited to substantially the following terms, all of which may be added to, modified or deleted by Bellacino's, Inc. at the time of any assignment or renewal of this lease:

(a) "Anything contained in this lease to the contrary notwithstanding, Lessor agrees that, without its consent, this lease and the right, title and interest of the Lessee hereunder may be assigned by the Lessee to Bellacino's, Inc., a Michigan corporation, or its designee.";

(b) "Lessee agrees that Lessor shall be permitted, and Lessor agrees that it shall, upon a written request of Bellacino's, Inc., disclose to Bellacino's, Inc. all reports, information or data in Lessor's possession respecting sales made in, upon or from the leased premises.";

(c) "Lessor shall give written notice to Bellacino's, Inc., (concurrently with the giving of such notice to Lessee), of any default by Lessee under this lease, and Bellacino's, Inc. shall have fifteen (15) days after the expiration of the period during which the Lessee may cure such default within which to cure said default. Such notice shall be sent to Bellacino's, Inc., 10096 Shaver Road, Portage, Michigan 49024, or such other address as Bellacino's, Inc., may, from time to time, specify in writing to Lessor.";

(d) "Lessor hereby agrees that, after the termination or expiration of this lease or the Franchise Agreement between the Lessee and Bellacino's, Inc., or its designee, Bellacino's, Inc. may enter upon the leased premises for the purpose of removing all signs and other material bearing the trademarks, service marks or other commercial symbols of Bellacino's, Inc.";

(e) "Lessee hereby agrees that the leased premises shall be used for the operation of a Bellacino's Pizza and Grinders Restaurant."; and

(f) "Lessor agrees that beginning on the date hereof and continuing only so long as Lessee continually operates as a business selling primarily Italian foods, sandwiches, salads, and pizza on the Premises, and so long as Lessee and Franchisee are not in default beyond any applicable cure period, Lessor will not enter into any lease within the building, strip mall, commercial development or shopping center within which the leased premises is located (as the

case may be) with a Quiznos, Subway, W.G. Grinders, Jersey Mike's, Jimmy Johns, Firehouse Subs, Pizza Hut, Little Caesars, Papa John's, CiCi's or Domino's, or with a lessee whose "Primary Use" is a sit down restaurant for on premises consumption of primarily Italian foods, sandwiches, salads and pizza (the "Exclusive"). "Primary Use" as that term is used herein shall be defined as a use where more than 30% of the Lessee's Net Sales is derived from the sale of on premises consumption of Italian foods, including, but not limited to submarine-style sandwiches, pizza, spaghetti and lasagna.

In the event Lessee claims in good faith a violation of the Exclusive set forth in this section, Lessee shall give Lessor written notice thereof. Lessor shall have sixty (60) days (the "Cure Period") after receipt of such notice in which to cure the claimed violation, or refute the claim and provide Lessee with evidence indicating that Lessor has not violated Lessee's Exclusive. If the claimed violation is not cured within the Cure Period, then Lessee may terminate this Lease and seek such remedies as may be available to Lessee under the law, including the right to seek injunctive relief, without posting a bond, against the prohibited activity. In such event, Lessee shall be entitled to recover from Lessor all costs and expenses, including reasonable attorney's fees related to the enforcement of Lessor's obligations under this paragraph."

#### **7.4 Franchisor's Acquisition of Franchisee's Location; Alteration of Franchised Location.**

If this Agreement expires or is terminated for any reason other than a termination by you for cause, or if the Franchised Location ever ceases to be used for the Franchisee's Bellacino's Restaurant, Franchisor shall have the right, exercisable upon written notice to Franchisee within fifteen (15) days after such expiration or termination is effective, to require Franchisee to assign all Franchisee's rights and obligations under the lease for the Restaurant premises to Franchisor and to immediately surrender possession of the Restaurant premises, including all fixtures and leasehold improvements, to Franchisor. If Franchisor exercises such right, Franchisor has an additional obligation prior to taking possession of the Restaurant premises, to purchase all of Franchisee's decorative memorabilia, fixtures, furnishings, signs, equipment, advertising materials, inventory, goodwill, and other assets used in connection therewith at fair market value. If the parties cannot agree on the fair market value, then within fifteen (15) days after notice is given as provided above by Franchisor to Franchisee of Franchisor's intention to take over the lease and purchase the assets, Franchisor and Franchisee shall each designate by written notice to the other, its choice of an appraiser; and the appraisers so chosen by Franchisor and Franchisee shall select a third appraiser. If either party fails to so designate its choice of an appraiser within such fifteen (15) day period, then the appraiser designated by the other party within such period shall be the sole appraiser. All selections of appraisers shall be completed within thirty (30) days after notice is given as provided above by Franchisor and the appraisers shall agree upon the fair market value of the items mentioned above within fifteen (15) days after the appointment of the last of the appraisers to be so appointed. A decision by the majority of the appraisers shall be final. The closing of the purchase and sale shall not be later than twenty (20) days after the date the parties agree upon the fair market value or the date the appraisers' decision, whichever is applicable. Appraisal costs shall be borne equally by Franchisor and Franchisee. The acquisition price, less any sums otherwise due Franchisor from Franchisee, shall be payable at closing, which shall take place at the offices of Franchisor.

If Franchisor does not exercise its right under this ARTICLE 7.4 to acquire the Restaurant Premises and Franchisee's fixtures and leasehold improvements, then within thirty (30) days after the date of the expiration or termination of this Agreement the Franchisee will, at its expense, alter, modify and change both the exterior and interior appearance of the building and the Franchised Location so that it will be easily distinguished from the standard appearance of a Bellacino's Restaurant, to the Franchisor's sole satisfaction. At a minimum, such changes and modifications to the Franchised Location will include, but shall not necessarily be limited to: (A) repainting and, where applicable, recovering both the exterior and interior of the Franchised Location with totally different colors, including removing any distinctive colors and designs from the walls; (B) removing all fixtures and other decor items and replacing them with other decor items not of the general type and appearance customarily used in the Bellacino's Restaurant; (C) removing all exterior and interior Franchisor signs; (D) immediately discontinuing use of the approved wall decor items and window decals, and refraining from using any items which may be confusingly similar to those used in

a Restaurant; and (E) returning all point-of-sale cash register and computer software diskettes and deleting such software programs from Franchisee's point-of-sale cash register and computer systems.

8. **SITE SELECTION; CONSTRUCTION COST; BUSINESS PREMISES SPECIFICATIONS.**

8.1 **Site Selection.** The Franchisee will be solely responsible for selecting the site of the Franchised Location for the Franchisee's Restaurant, regardless of whether the Franchised Location is owned or leased by the Franchisee. The Franchisee will retain an experienced commercial real estate broker or salesperson who has sufficient experience in locating restaurant sites to locate, acquire, purchase or lease the site for the Franchisee's Restaurant. Accordingly, no provision of this Agreement will be construed or interpreted to impose any obligation upon Franchisor to locate a site for the Franchised Location, to assist the franchisee in the selection of a suitable site for the Franchised Location, or to provide any assistance to the Franchisee in the purchase or lease of the Franchised Location.

8.2 **Site Selection Criteria.** The Franchisee will not lease, purchase or otherwise acquire a site for the Franchised Location until such information as Franchisor may require regarding the proposed site has been provided to Franchisor by Franchisee, and Franchisor has issued a notice of no objection for the proposed site. Such information may include, without limitation, information regarding the proposed site as to accessibility, visibility, potential traffic flows, lease terms and other demographic information. The review of the site conducted by Franchisor will not be deemed to be a warranty, representation or guaranty by Franchisor that if the Franchisee's Restaurant is opened and operated at that site, it will be a financial success. Franchisor will have the right to require the Franchisee to obtain, at the Franchisee's expense, an economic feasibility and demographics study for the proposed site of the Franchised Location. Any site feasibility and demographics study required by Franchisor will be completed by an expert mutually agreed upon by Franchisor and the Franchisee in writing. Any lease for the proposed site shall contain a provision that in the event of any default by the Franchisee under the lease or in the event the Franchisee ceases to operate its Bellacino's restaurant from the site, the Franchisor shall have the option to assume all obligations of the tenant under the lease and to cure, if necessary, any default by the tenant under the lease and to, thereafter, operate the Bellacino's restaurant from the premises.

8.3 **Initial Development and Construction.** You are responsible for developing the restaurant. We will furnish you with mandatory and suggested specifications and layouts for a Bellacino's Pizza and Grinders Restaurant, including image, interior layout, decor, equipment, fixtures, furnishings and signs. You agree that promptly after obtaining possession of the site for the restaurant, you will:

(a) cause to be prepared and submit for approval by us a site plan, including dimensions, exterior design, materials, interior layout, equipment, fixtures, furniture, signs, and decorating. You understand that you may modify our basic plans and specifications only to the extent required to comply with applicable ordinances, building codes and permit requirements and only with our prior written approval.

(b) obtain all required zoning changes, all required building, driveway, utility, health, sanitation, and sign permits and any other required permits to construct and operate the premises;

(c) secure all financing required to develop and operate the restaurant;

(d) purchase or lease equipment, fixtures, furniture and signs meeting our specifications and requirements;

(e) proceed to completion of the construction and/or remodeling, equipment, fixture, furniture and sign installation and decorating of the restaurant in full and strict compliance with plans and specifications specified by us and all applicable ordinances, building codes and permit

requirements;

(f) obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services; and

(g) purchase or lease the required POS system – cloud-based POS with 4 terminals and complete programming (including on-site training of your staff and management). Hardware, installation, and training are typically paid up front and software fees are paid monthly to operate the POS (Software as a Service or SaaS). Additional monthly fees may be included for add-on business tools (inventory control, employee scheduling, customer loyalty, etc.). You will also need to purchase an office computer and printer for general office needs.

8.4 **Equipment, Fixtures, Furniture and Signs.** We will provide you with specifications for pizza grinders, and other authorized food and beverage preparation, dispensing, storage and display equipment, and other equipment, fixtures, furniture, exterior and interior signs and decorating accessories required for the restaurant. You may purchase items meeting our specifications from any source. If you propose to purchase or lease items not previously approved by us as meeting our specifications, you must first notify us and we may require submission of sufficient specifications, photographs, drawings and/or other information and samples to determine whether any such items meet our specifications. We will advise you within a reasonable time whether any proposed item meets our specifications. We reserve the right to charge you for our reasonable expenses in testing and/or evaluating any proposed item submitted by you.

#### 8.5 **Restaurant Opening.**

You agree not to open the restaurant for business until:

(a) we provide you written approval that the restaurant as developed in accordance with our specifications and standards;

(b) pre-opening training has been completed to our satisfaction;

(c) the franchise fee and all other amounts then due to us have been paid;

(d) we have been furnished with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as we request or accept; and

(e) you have completed to our reasonable satisfaction all other aspects of the development of the restaurant, including providing all other items required by us.

#### 9. **RESTAURANT REFURBISHING.**

At all times, you are required to perform regular maintenance and repair within the restaurant. From time to time during the term of this Agreement in order to maintain or improve the appearance and efficient operation of the restaurant, to increase its sales potential, and/or to ensure compliance with our standards and the franchise identity, we reserve the right to require that you refurbish the restaurant. In such event, we shall provide you a written notice of the specific actions required to be taken by you in connection with any required refurbishing, all of which shall be completed within six (6) months of receipt of said notice. By way of example, and not limitation, refurbishing may include:

(a) replacement of worn out or obsolete equipment, fixtures, furniture and signs;

(b) the substitution or addition of new or improved equipment, including computer

hardware and software, safes, fixtures, furniture and signs;

- (c) redecorating as may be reasonably required by Franchisor;
- (d) repair of the interior and exterior of the premises, repair and resurfacing of parking facilities; and
- (e) structural modifications and remodeling of the premises.

Except in connection with a renewal of the franchise, you will not be required to make aggregate expenditures for refurbishing of the restaurant, other than expenditures which may be required for changes to corporate identity, in excess of two and one-half percent (2-1/2%) of the gross sales of the restaurant from the date of its opening to the date of any required refurbishing. You will not be required to refurbish the restaurant during the last twelve (12) months of the initial term of the franchise.

## 10. **TRAINING.**

10.1 **Initial Training - Offsite.** Before the restaurant opens, you (or the controlling shareholder, member or partner if you are a corporation, limited liability company, or partnership) and your designated managers must enroll and complete all training programs and classes which we require for the operation of a Bellacino's restaurant. These training programs and classes will be furnished at such times and places as we designate. All training programs and classes must be completed to our satisfaction. You will be responsible for the travel, living expenses and any other costs incurred during these training programs and classes. A period of up to eleven (11) days\* training program for you and your manager will be furnished at our designated training facility and/or at an operating Bellacino's Pizza and Grinders Restaurant. The training program must be completed to our satisfaction. You will be responsible for your compensation and/or the compensation of your manager(s) during the training period and the travel and living expenses incurred in connection with training. You agree to replace a manager if we determine that he or she is not qualified to serve in this capacity at the restaurant. We will furnish the same training program to a manager of the restaurant that you hire after the restaurant is open; provided, however, that we reserve the right to charge a fee for such training, but in no event will the fee exceed seven percent (7%) of the then current initial franchise fee for a Bellacino's Pizza and Grinders franchise. You will be responsible for the compensation of such managers during the training period and the travel and living expenses for the managers incurred in connection with training. We may require you or your designated managers to attend periodic refresher training courses at such times and locations that we designate.

\*a single day of training consists of: (1) baking & food preparation [slicing], (2) lunch business, (3) dinner business, (4) closing duties [final clean-up and next day preparation]. For example, attending only baking and food preparation and lunch business consists of a ½ day's experience/ training. Your schedule and availability will affect your timeframe of completing the required up to eleven (11) days of Initial Training-Offsite.

10.2 **Training of Employees At Your Bellacino's Location.** You agree to implement a training program for employees of the restaurant and be responsible for their proper training. You agree not to employ any person who fails or refuses to complete your training programs or is unqualified to perform his or her duties at the restaurant in accordance with the requirements established for the operation of a Bellacino's restaurant.

10.3 **Additional Training.** If the quality of your work, or that of any of your employees, fails to meet the quality standards of the Bellacino's System, we and/or our employees may require you to undergo retraining at the company's training facility and to pay a retraining fee equal to the company's then current retraining fee, if any. We may also, at our option, require you (or the controlling shareholder, member or partner if you are a corporation, limited liability company or partnership) to attend supplemental

or additional training programs, which may be offered from time to time by us during the term of the franchise. You will be responsible for the reasonable costs of such programs and for the travel and living expenses and any other costs incurred during these programs.

10.4 **Ongoing Training.** In order to gain new customers, retain your existing customer base, increase the frequency of customer visits and sale, and to ensure quality of service and product to your customers, you agree to cause your employees (including any persons subsequently acting as the Manager of the restaurant) to attend and complete, to our reasonable satisfaction, training and marketing development meetings as scheduled by us. Attendance by you or your Manager is required at no fewer than seventy-five percent (75%) of such meetings during a calendar year. We shall only provide and pay for instruction and training materials in connection with such additional training. You and/or your employees shall be responsible for any other expenses incurred in the training.

## 11. **OPERATING ASSISTANCE.**

11.1 **Advice and Guidance.** We will furnish you with such operating assistance as we reasonably determine from time to time to be necessary for the operation of the restaurant. Operating assistance may include advice and guidance regarding:

- (a) methods of pizza, grinders, other authorized food and beverage preparation, packaging and sale; and
- (b) the establishment of inventory control, marketing and advertising programs and general operating procedures.

You understand that the assistance provided to you under this Paragraph 11 does not obligate us to operate the restaurant on your behalf at any time during the term of the franchise or to provide the accounting, bookkeeping or marketing services required for the operation of the restaurant.

Such guidance will, at our discretion, be furnished in our manuals ("Manuals"), bulletins or other written materials and/or during telephone consultations and/or consultations at our office or the restaurant.

At your request, we will furnish additional guidance and assistance and, in such cases, we may charge the per diem fees and charges we establish from time to time. If you request or we require additional or special training for your employees, all of the expenses that we incur in connection with such training, per diem charges then in effect for our personnel, plus travel and living expenses for our personnel or our area director's personnel, will be your responsibility.

11.2 **Operating Problems.** We will advise you, from time to time, of operating problems of the restaurant disclosed by reports submitted by you to us, or identified through inspections made by us or such problems brought to our attention by you in writing. We will make no separate charge for operating or marketing assistance, except that we may assess you reasonable charges if we determine that operating performance is outside of our acceptable standard, and as a result we are required to provide you operating assistance as a result of your failure to comply with any provision of this Agreement or for operating assistance requested by you in excess of that typically provided by us.

11.3 **Communication with Customers.** In order to maintain the high standards of quality control throughout the system, we reserve the right to use test customers from time to time, without prior notification to you, in order to determine whether your business is maintaining high standards of quality, integrity, safety, appearance and customer service.

12. **RESTAURANT PRODUCTS.**

12.1 **Restaurant Menu.** You agree that you will offer for sale and sell at the restaurant for final consumption and not for resale, all pizza, grinders and other authorized food and beverage products that we from time to time authorize. You also agree that you will not offer for sale or sell at the restaurant any other products or services.

12.2 **Pizza Ingredients, Grinders, Supplies and Materials.** All pizza, grinders and other food ingredients, beverage products, cooking materials, containers, packaging materials, other paper and plastic products, utensils, uniforms, menus, forms, cleaning and sanitation materials and other supplies and materials used in the operation of the restaurant *must* conform to the specifications and quality standards established by us from time to time. You must use in the operation of the restaurant boxes, containers and other paper or plastic products imprinted with the Marks as prescribed from time to time by us. We may, in our sole discretion, require that ingredients, supplies and materials used in the preparation, packaging, and delivery of pizza, grinders and other authorized food products be purchased exclusively from us or from approved suppliers or distributors. Any ingredient, supply or material not previously approved by us as conforming to our specifications and quality standards must be submitted for examination and/or testing and must be approved by us prior to use. We reserve the right from time to time to examine the facilities of any approved supplier or distributor used by you, and to conduct reasonable testing and inspection of the ingredients, materials or supplies to determine whether they meet our standards and specifications. We also reserve the right to charge fees for testing and evaluating proposed suppliers or distributors and examining and inspecting operations and to impose reasonable limitations on the number of approved suppliers or distributors of any product. Approval of a supplier or distributor may be conditioned on requirements relating to frequency of delivery, standards of service including prompt attention to complaints and the ability to service and supply restaurants within areas designated by us.

13. **ADVERTISING AND PROMOTION.**

13.1 **By Bellacino's.** Bellacino's shall have at all times during the term of the franchise the right, but not the obligation, to formulate, develop, produce and conduct advertising and promotional programs in the form and media as we determine to be most effective. You agree to participate in all local or regional advertising and promotions as we determine to be appropriate for the benefit of the Bellacino's System. We reserve the right, in our sole discretion, to determine the composition of all geographic territories and market areas for the development and implementation of advertising and promotional programs.

13.2 **Local and Regional Advertising Cooperatives.** We reserve the right to require that you participate in local and regional advertising cooperatives in connection with the advertising and promotional programs administered by us or by other franchisees of the System or, in the event no such cooperative has been established, to require you to conduct local advertising for your restaurant. Bellacino's will not obligate you under the terms of Paragraphs 13.1 and 13.2 to contribute in a calendar year more than two percent (2%) of the annual net sales of the restaurant for advertising and promotion.

13.3 **By Franchisee.** All advertising and promotion by you must be completely factual and shall conform to the highest standards of ethical advertising and be consistent with the image of a Bellacino's restaurant. Bellacino's reserves the right to prohibit or cause you to discontinue any advertising or promotion that Bellacino's, in its sole discretion, feels violates this paragraph.

13.4 **Advertising Fund.** Franchisee agrees to pay to Franchisor, in addition to Continuing Fees, the Advertising Fund (**Advertising Fund**) of one percent (1%) of the total amount of Franchisee's Net Sales (as defined in paragraph 6.2). The Advertising Fund shall be in addition to and not in lieu of Franchisee's Local and Regional Advertising Fee. The following terms and conditions will apply to the Advertising Fund payment:

(a) The Advertising Fund shall be payable monthly concurrently with the payment of the Continuing Royalty Fees, based on Net Sales (as defined in paragraph 6.2), for the immediately preceding reporting period. Franchisee shall execute an Authorization Agreement for preauthorized payment of Advertising Funds by electronic transfer of funds from Franchisee's bank account to the bank account designated by Franchisor. Any Advertising Fund collected by or for Franchisor will be deposited in one (1) or more separate accounts (referred to as the "**Fund**"), all designated as "**Bellacino's Advertising Fund**." The Advertising Funds will be subject to the same late charges as the Continuing Fees. Upon written request by Franchisee, Franchisor will make available to Franchisee, no later than one hundred twenty (120) days after the end of each calendar year, an annual unaudited financial statement for the Fund which indicates how deposits to the Fund have been spent. Franchisor has the right to deposit into the Fund any advertising, marketing, or similar allowances paid by suppliers who deal with Restaurants and with whom Franchisor has agreed that it will (or if Franchisor otherwise chooses to) so deposit these allowances. Bellacino's Restaurants that Franchisor or its affiliates own will contribute to the Fund on the same basis as franchisees;

(b) The Fund will be administered and controlled by Franchisor or its designated representative and may be used for production and placement of media advertising, direct response literature, direct mailings, brochures, collateral advertising material, surveys of advertising effectiveness, other advertising or public relations expenditures relating to advertising Bellacino's Restaurants services and products, providing professional services, materials, and personnel to support the marketing function, and creating, producing, and implementing websites for Franchisor and/or its franchisees. Franchisor may reimburse itself or its designated representative for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting, and legal expenses, taxes, and other reasonable direct and indirect expenses incurred by Franchisor or its representatives in connection with the programs funded by the Fund. The Fund will not be Franchisor's asset. Franchisor will not be liable for any act or omission that is consistent with this Agreement and done in good faith. Franchisor may spend in any fiscal year more or less than the aggregate contribution of all Restaurants to the Fund in that year, and the fund may borrow from Franchisor or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Fund will be used to pay advertising costs before other assets of the Fund are expended. Franchisor may cause the Fund to be incorporated or operated through a separate entity at such time as Franchisor deems appropriate, and such successor entity, if established, will have all rights and duties specified in this Section. Franchisor undertakes no obligation to ensure that the Fund benefits each Restaurant in proportion to its respective contributions. The Fund's primary purpose is to support sales by the entire Bellacino's System and to build brand identity. Franchisee agrees to participate in any promotion campaigns and advertising and other programs that the Fund periodically establishes; and

(c) Franchisor has the right, but no obligation, to use collection agents and institute legal proceedings to collect Fund contributions at the Fund's expense. Franchisor also may forgive, waive, settle, and compromise all claims by or against the Fund. Franchisor may at any time defer or reduce contributions of a Franchisee and, upon thirty (30) days' prior written notice to Franchisee, reduce or suspend Fund contributions and operations for one (1) or more periods of any length and terminate (and, if terminated, reinstate) the Fund. If Franchisor terminates the Fund, it will distribute all unspent monies to the contributors in proportion to their respective Fund contributions during the preceding twelve (12) month period.

13.5 **Special Marketing Programs.** We may require you to participate in and contribute funds to special marketing programs and campaigns that we develop and administer from time to time; provided that in no event will your required contribution to the special marketing program equal more than the then-current collective required monthly Advertising Fund.

13.6 **Participation In Internet Web Site Or Other On-Line Communications.** You must have internet access and an e-mail address that we will assign to you using your first and last name @bellacinos.com. You agree not to set up an email address separately that includes the words Bellacino's or bellacinospizzaandgrinders in it. You will use an e-mail address to send and receive e-mail and attachments on the Internet. You may be required to invest in and implement new technology initiatives at your own expense, which may include, but will not be limited to, monitors, music, Internet TV broadcast, software management applications, surveillance system, e-learning, and software applications designed to better manage business functions and control costs. We may designate the supplier you use for any goods and services associated with these initiatives. Further, you must, at your expense, participate in the Bellacino's Pizza and Grinders website on the internet or other on-line communications, including an intranet system we may develop in the future unless we provide otherwise. You may not separately register any domain name or operate any website containing any of the Marks without our written approval. We determine the content and use of the website and have the sole right to establish the rules under which franchisees may or must participate in the web site or separately use the internet or other on-line communications. We retain all rights relating to the Bellacino's and Bellacino's Pizza and Grinders website and may alter or terminate the website. Your general conduct on the web site or other authorized on-line communications, and specifically your use of the Marks or any advertising on the web site or other authorized on-line communications (including the domain name and any other Marks we may develop as a result of participation in the web site or other on-line communications), is subject to the provisions of this Agreement and the related standards and restrictions we specify from time to time in the Methods of Operation. You may not establish, use, reference or otherwise promote the Marks or System in connection with any current or future form of social media networks or platforms, including, without limitation, Facebook, Twitter, LinkedIn, TikTok, You Tube, Pinterest or any other internet and/or social media platforms. We will establish Social Media pages and handles for you related to the business and provide you with access and training on the use of these platforms.

You shall not use or download any software on your Business computer unless it has been authorized by us in writing. In the event that you use or download any unauthorized software, you shall be liable for all damages and problems caused by the unauthorized software in addition to the other remedies provided under this Agreement. You acknowledge that certain information obtained through your participation in the Bellacino's Pizza and Grinders web site may be considered Confidential Information, including access codes and identification codes. Your right to participate in the Bellacino's Pizza and Grinders web site or any intranet system we may develop or otherwise use the Marks or System on the internet or other on-line communicators terminates when this Agreement expires or terminates.

You shall pay us such amount as we require, for any identify theft or theft of personal information of a customer due to any security breach by you, your agents, or your employees. Such fees shall be used to offset our out-of-pocket costs and expenses incurred in responding to and remedying any such security breach.

13.7 **Truthful Advertising, Marketing And Promotion.** You agree that any advertising, promotion and marketing you conduct will be completely clear and factual and not misleading and conform

to the highest standards of ethical marketing and the promotion policies which we prescribe from time to time. Samples of all advertising, promotional and marketing materials which we have not prepared or previously approved must be submitted to us for approval before you use them. If you do not receive written disapproval within fifteen (15) days after our receipt of such materials, we will be deemed to have given the required approval. You may not use any advertising or promotional materials that we have disapproved. We own the copyrights to anything so submitted, whether approved by us or not.

#### 14. **RECORDS AND REPORTS.**

14.1 **Bookkeeping and Recordkeeping.** You agree to establish a bookkeeping and record keeping system conforming to the requirements prescribed by us, relating, without limitation, to the use and retention of daily sales slips, coupons, purchase orders, purchase invoices, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and general ledgers.

14.2 **Sales Reports and Financial Statements.** You agree to submit to us, in accordance with requirements prescribed by us from time to time:

- (a) no later than the 5<sup>th</sup> day of the following month, a monthly report of the sales of the restaurant and all other information and supporting records as we may require;
- (b) within twenty (20) days of the end of each month:
  - (i) a statement of cash flow and cash on hand, an unaudited balance sheet as of the end of the month and an unaudited statement of profit and loss of the restaurant prepared on an accrual basis for such month; and
  - (ii) if you have additional Bellacino's restaurants, a consolidated statement of profit and loss for all of your Bellacino's restaurants for such month.
- (c) within sixty (60) days of the end of each fiscal year of the restaurant:
  - (i) a statement of cash flow and cash on hand, an unaudited balance sheet as of the end of the year and an unaudited annual statement of profit and loss and financial condition of the restaurant prepared on an accrual basis; and
  - (ii) if you have additional Bellacino's restaurants, a consolidated statement of profit and loss for all of your Bellacino's restaurants. The statements must be prepared in accordance with generally accepted accounting principles by an independent accountant in the manner prescribed by us.
- (d) if you are in default under any of the terms or conditions of this Agreement, statements submitted on a quarterly basis affirming that all federal, state and local taxes have been paid;
- (e) upon our written request, exact copies of your federal and state income tax returns and state sales tax or equivalent tax returns for any period; and
- (f) such other information as we may reasonably require to determine you and your owner's compliance with this Agreement or to assist you in the operation of the restaurant or to otherwise evaluate the performance of the restaurant.

14.3 **Right to Require Audit.** We reserve the right to audit, or cause to be audited, the sales reports, financial statements and tax returns you are required to submit to us. In the event any audit discloses an understatement of the net sales of the restaurant for any period or periods, you must immediately pay on the amount of such understatement the net sales fee of two percent (2%), all advertising contributions due under this Agreement and the amount, if any, required to be paid to your local or regional cooperative as provided in this Agreement, plus interest due. Further, in the event such understatement for any period or periods shall be two percent (2%) or more of the net sales of the restaurant or such inspection or audit is made necessary by your failure to furnish reports, supporting records, financial statements or other information required by this Agreement or to furnish these reports, records, information or financial statements on a timely basis, you will be obligated to reimburse us for the cost of the audit, including the charges of any independent certified public accountant used and the travel expenses, room and board of compensation of our employees. In the event you dispute the results of any audit conducted by us or our representatives, we will give you the right to have the results verified by an independent certified public accounting firm selected by our outside accounting firm. The expense of this audit shall be borne by you unless this further audit discloses that no deficiency is due, in which case we will be obligated to pay for the audit. This audit shall be commenced within ten (10) days after completion of our initial audit. You agree to cooperate with all personnel conducting the audit. The results shall be binding upon the parties. You agree to pay any deficiencies within five (5) days after receipt of the final audit.

15. **OPERATING REQUIREMENTS.**

15.1 **Operating Procedures.** You agree to fully comply with all specifications, standards and operating procedures and rules from time to time prescribed for the operation of a Bellacino's restaurant, including, but not limited to, specifications, standards and operating procedures and rules relating to:

- (a) the handling of all matters pertaining to customers and customer complaints, the site and the mission statement;
- (b) the safety, maintenance, cleanliness, sanitation, function and appearance of the restaurant premises and its equipment, fixtures, furniture, decor and signs;
- (c) qualifications, dress, grooming, general appearance and demeanor of you and your employees;
- (d) quality, taste, portion control and uniformity, and manner of preparation and sale, of all pizza, grinders and other authorized food and beverage products sold by the restaurant and of all ingredients, supplies and materials used in the preparation, packaging and sale of these items;
- (e) methods and procedures relating to receiving, preparing and delivering customer orders;
- (f) the hours during which the restaurant will be open for business; and
- (g) use and illumination of exterior and interior signs, posters, displays, menu boards and similar items.

15.2 **Compliance with Laws and Other Business Practices.** You agree to secure and maintain in force all required licenses, permits, and certificates and operate the restaurant in full compliance with all applicable laws, ordinances, and regulations. You also agree to pay when due all amounts payable pursuant to any provision of this Agreement or any other agreement with us or our affiliates or subsidiaries or pursuant to any agreement with any other creditor or supplier of the restaurant. Furthermore, if you are subject to any withholding taxes on net sales fees or other payments due, you shall provide us with quarterly evidence that such tax has been remitted to the appropriate governmental agency on a quarterly basis.

15.3 **Prices To Be Determined By Franchisee.** We may from time to time offer guidance to you relative to prices for the products and services of the restaurant that in our judgment constitutes good business practice. You will have the sole right to determine the prices to be charged from time to time by the restaurant, including the prices charged in connection with any promotions or advertising programs sponsored by Bellacino's. No such guidance shall be deemed or construed to impose upon you any obligation to charge any fixed, minimum or maximum prices for any product or service offered for sale by the restaurant. You agree, however, to charge the same price for products offered by the restaurant whether delivered or sold over the counter in the restaurant.

15.4 **Operations Manual.** We will loan to you during the term of the franchise, one or more copies of an operating manual or operational bulletins or similar materials containing mandatory and suggested specifications, standards and operating procedures and rules prescribed from time to time by us and information relative to your other obligations under this Agreement and the operation of the restaurant (the "Operating Manual"). The entire contents of the Operating Manual will remain confidential and our property. We will have the right to add to and otherwise modify the Operating Manual from time to time, if deemed necessary, to improve the standards of service or product quality or the efficient operation of the restaurant, to protect or maintain the goodwill associated with the Marks or to meet competition. No such addition or modification, however, shall alter your fundamental status and rights under this Agreement. The provisions of the Operating Manual, as modified from time to time and the mandatory specifications, standards and operating procedures and rules prescribed from time to time by us and communicated to you in writing, will constitute provisions of this Agreement as if contained in this Agreement.

15.5 **New Concepts.** If you develop any new concept, process or improvement or any slogan in the operation or promotion of the restaurant, you agree to promptly notify us and provide us with all necessary information without compensation. You acknowledge that any such concept, process, improvement or slogan shall become our property and that we may utilize or disclose this information to other franchisees.

15.6 **Franchisee Must Directly Supervise Restaurant.** The restaurant shall at all times be under the direct supervision of you (or the controlling shareholder if you are a corporation, the managing member, if you are a limited liability company, or a partner if you are a partnership) the Approved Operator. If you own more than one (1) restaurant, each restaurant must also be under the direct, on-premises supervision of a manager:

- (a) who has been properly trained by you;
- (b) whose identity has been disclosed to us; and
- (c) who shall have executed, upon our request, an agreement in the form provided by us agreeing not to divulge any trade secret or confidential or proprietary information, including the contents of the Operating Manual, or to engage in or have any interest in any other carry-out or delivery pizza store business.

15.7 **Insurance.** Prior to opening and at all times during the term of the franchise, you shall maintain in force at your sole expense:

- (a) property insurance on a replacement cost basis at a minimum limit based on the total value of your assets (including, but not limited to, fire, extended coverage, vandalism and malicious mischief);
- (b) primary general liability insurance with a minimum limit of \$1,000,000.00 (including, but not limited to, coverage for personal injury, products and contractual liability);

(c) primary automobile liability insurance with a minimum limit of \$1,000,000.00 (including, but not limited to, owned automobiles titled or leased in the name of you or your owners and used at any time, whether principally or occasionally in your business). In the event you use employee-owned automobiles for deliveries, or any other purpose, you must also obtain hired and non-owned coverage. If you or your owners do not use a vehicle owned or leased in the name of you or any of your owners in your business, you must provide written evidence of that fact, satisfactory to us; and

(d) workers compensation insurance (in your name) as required by applicable law. If no such law exists, then you must participate in such other comparable insurance as required by us. If your state recognizes and permits self-insurer programs, your participation in such a program will satisfy our requirements under this subparagraph (d). If deductible plans are approved and used in your state, coverage may be purchased on this basis subject to the requirements of your insurance carrier.

All insurance policies must be issued by an insurance carrier rated A or better by Alfred M. Best & Company, Inc. All liability insurance policies must name us, and any subsidiaries and affiliates which we designate, as additional insureds entitled to the coverage afforded to all named insureds, without regard to any other insurance or self-insured program which we may have in effect, and also provide that we receive thirty (30) days prior written notice of termination, expiration, cancellation, modification, or reduction in coverage or limits of any such policy. We may also reasonably increase the minimum liability "limit" protection requirement annually and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards in public, product or motor vehicle litigation or other relevant changes in circumstances. You must submit to us annually, and at all other times requested by Franchisor, a copy of the certificate of insurance or evidence of the renewal or extension of each such insurance policy or any modifications to any such insurance policies, which must describe the applicable deductibles for each such policy. If at any time you fail or refuse to maintain in effect any insurance coverage required by us, or to furnish satisfactory evidence of such insurance, we may, at our option and in addition to other rights and remedies we may have, obtain insurance coverage, on your behalf, and you agree to promptly execute any applications or other forms or instruments required to obtain any such insurance and pay to us on demand any cost and premiums incurred by us. Your obligation to obtain and maintain the insurance described in this Agreement shall not be limited in any way by reason of any insurance maintained by us.

15.8 **Identification as Franchisee.** You agree to exhibit: (a) on the restaurant premises, and (b) on all delivery vehicles (or on car top signs on all delivery vehicles), if any, signs of sufficient prominence and wording as we may prescribe from time to time so as to advise the public that the restaurant is owned, operated and maintained by you and that each such delivery vehicle is owned, operated and maintained by you or the driver of the vehicle, as the case may be. ***“This Bellacino’s Pizza & Grinders Restaurant is a franchise of Bellacino’s Inc. and is independently owned and operated.”***

15.9 **Computer Systems and Required Software.** The following terms and conditions will apply with respect to the Computer System and Required Software at all times during the term of this Agreement:

(a) Franchisor will have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Bellacino’s Pizza and Grinders Restaurants, including without limitation: (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at Bellacino’s Pizza and Grinders Restaurants, between or among Bellacino’s Pizza and Grinders Restaurants, and between and among the Franchised Restaurant and Franchisor and/or Franchisee; (b) Cash Register Systems; (c) physical, electronic, and other security systems; (d) printers and other peripheral devices; (e) archival back-up systems; and (f) internet access mode

and speed (collectively, the “**Computer System**”);

(b) Franchisor will have the right, but not the obligation, to develop or have developed for it, or to designate: (a) computer software programs and accounting system software that Franchisee must use in connection with the Computer System (“**Required Software**”), which Franchisee will install; (b) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee will install; (c) the tangible media on which such Franchisee will record data; and (d) the database file structure of Franchisee’s Computer System;

(c) Franchisee will record all sales on computer-based point of sale systems approved by Franchisor or on such other types of cash registers as may be designated by Franchisor in the Manual or otherwise in writing (“**Cash Register Systems**”), which will be deemed part of the Franchisee’s Computer System;

(d) Franchisee will make, from time to time, such upgrades and other changes to the Computer System and Required Software as Franchisor may request in writing (collectively, “**Computer Upgrades**”); and

(e) Franchisee will comply with all specifications issued by Franchisor with respect to the Computer System and the Required Software, and with respect to Computer Upgrades. Franchisee will also afford Franchisor unimpeded access to Franchisee’s Computer System and Required Software as Franchisor may request, in the manner, form, and at the times requested by Franchisor.

15.10 **Data.** Franchisor may, from time-to-time, specify in the Manual or otherwise in writing, the information that Franchisee will collect and maintain on the Computer System installed at the Franchised Restaurant, and Franchisee will provide to Franchisor such reports as Franchisor may reasonably request from the data so collected and maintained. All data pertaining to the Franchised Restaurant, and all data created or collected by Franchisee in connection with the System, or in connection with Franchisee’s operation of the business (including without limitation data pertaining to or otherwise concerning the Franchised Restaurant’s customers) or otherwise provided by Franchisee (including, without limitation, data uploaded to, or downloaded from Franchisee’s Computer System) is and will be owned exclusively by Franchisor, and Franchisor will have the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee. Copies and/or originals of such data must be provided to Franchisor on Franchisor’s request. Franchisor, by this agreement, licenses use of such data back to Franchisee for the term of this Agreement, at no additional cost, solely for Franchisee’s use in connection with the business franchised under this Agreement.

15.11 **Privacy.** Franchisee will abide by all applicable laws pertaining to privacy of information collected or maintained regarding customers or other individuals (“**Privacy**”), and will comply with Franchisor’s standards and policies pertaining to Privacy. If there is a conflict between Franchisor’s standards and policies pertaining to Privacy and applicable law, Franchisee will: (a) comply with the requirements of applicable law; (b) immediately give Franchisor written notice of the conflict; and (c) promptly and fully cooperate with Franchisor and Franchisor’s counsel as Franchisor may request to assist Franchisor in its determination regarding the most effective way, if any, to meet Franchisor’s standards and policies pertaining to Privacy within the bounds of applicable law.

15.12 **Telecommunications.** Franchisee will comply with Franchisor’s requirements (as set forth in the Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between Franchisee’s Computer System and Franchisor’s Extranet (as defined below), if any, and/or such other computer systems as Franchisor may reasonably require.

15.13 **Extranet.** Franchisor may establish a website providing private and secure

communications between Franchisor, Franchisee, franchisees, licensees and other persons and entities as determined by Franchisor, in its sole discretion (an “**Extranet**”). Franchisee will comply with Franchisor’s requirements (as set forth in the Manual or otherwise in writing) with respect to connecting to the Extranet and utilizing the Extranet in connection with the operation of the Franchised Restaurant. The Extranet may include, without limitation, the Manuals, training, other assistance materials, and management reporting solutions (both upstream and downstream, as Franchisor may direct). Franchisee will purchase and maintain such computer software and hardware as may be required to connect to and utilize the Extranet.

15.14 **Websites.** As used in this Agreement, the term “**Website**” means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software. The term Website includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Website, Franchisee agrees to the following:

(a) Franchisor will have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Proprietary Marks, any or all of the Products, Bellacino’s Pizza and Grinders Restaurants, the franchising of Bellacino’s Pizza and Grinders Restaurants, and/or the System. Franchisor will have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage; Franchisor will also have the right to discontinue operation of the website;

(b) Franchisor will have the right, but not the obligation, to designate one or more web page(s) to describe Franchisee and/or the Franchised Restaurant, with such web page(s) to be located within Franchisor’s Website. Franchisee will comply with Franchisor’s policies with respect to the creation, maintenance and content of any such web pages; and Franchisor’s will have the right to refuse to post and/or discontinue posting any content and/or the operation of any webpage;

(c) Franchisee will not establish a separate Website; and

(d) Franchisor will have the right to modify the terms of this Section 15 relating to Websites as Franchisor will solely determine is necessary or appropriate.

15.15 **Online Use of Marks.** Franchisee will not use the Proprietary Marks or any abbreviation or other name associated with Franchisor and/or the System as part of any e-mail address, domain name, and/or other identification of Franchisee in any electronic medium. Franchisee agrees not to transmit, or cause any other party to transmit, advertisements or solicitations by e-mail or other electronic media without Franchisor’s prior written consent as to Franchisee’s plan for transmitting such advertisements.

15.16 **No Outsourcing without Prior Written Approval.** Franchisee will not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of Franchisee’s obligations without Franchisor’s prior written approval. Franchisor’s consideration of any proposed outsourcing vendor(s) may be conditioned on, among other things, such third party or outside vendor’s entry into a confidentiality agreement with Franchisor and Franchisee in a form that is reasonably provided by Franchisor.

15.17 **Changes to Technology.** Franchisee and Franchisor acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable, but unpredictable, changes to technological needs and opportunities, Franchisee agrees that Franchisor will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees that it will abide by those reasonable new standards established by Franchisor as if this Section 15 were periodically revised by Franchisor for that purpose.

16. **MARKS.**

16.1 **Usage.** You acknowledge that we are the owner of all Marks licensed to you by this Agreement and that all usage of the Marks and any goodwill established shall inure to our exclusive benefit. A copy of the Marks is attached as **Exhibit H** in your Franchise Disclosure Documents. You shall use the Marks in full compliance with rules prescribed from time to time by us. Any unauthorized use of the Marks will constitute a breach of this Agreement and an infringement of our rights in and to the Marks. You will not use any Mark as part of any corporate name or with any prefix, suffix or other modifying words, terms, designs or symbols nor may you use any mark in connection with the sale of any unauthorized product or service or in any other manner not explicitly authorized in writing by us. All provisions of this Agreement applicable to the Marks will apply to any additional proprietary trademarks and commercial symbols we hereafter authorize you to use.

**16.2 Limitations On Your Use Of Marks.** You agree to use the Marks as the sole identification of the business, except that you agree to identify yourself as the independent owner thereof in the manner we prescribe. You may not use any Marks as part of any corporate or legal business name or as part of an Internet domain name or Internet e-mail address or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to you hereunder), or in any modified form, nor may you use any Marks in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. No Marks may be used in any advertising concerning the transfer, sale or other disposition of the business or an ownership interest in you. You agree to display the Marks in the manner we prescribe at the business, on supplies or materials we designate and in connection with forms and advertising and marketing materials. You agree to give such notices of trademark and service marks registrations, i.e., “®”, “™”, as we specify and to obtain any fictitious or assumed name registrations required under applicable law. You agree to withdraw any fictitious or assumed name registrations immediately upon termination or expiration of this Franchise Agreement.

16.3 **Infringements.** You agree to immediately notify us of any infringement of or challenge to your or our use of any Mark or claim by any person of any rights in any Mark. You agree that you will not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We will have sole discretion to take such action as we deem appropriate and the right to exclusively control any litigation or Patent and Trademark Office or other proceeding arising out of any infringement, challenge or claim or otherwise relating to any Mark. You agree to execute any and all instruments and documents, render such assistance and do such acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our interests in any such litigation or Patent and Trademark Office or other proceeding or to otherwise protect and maintain our interest in the Marks.

16.4 **Indemnification.** We will indemnify you against and reimburse you for all damages for which you are held liable in any proceeding arising out of the use of the Mark in compliance with this Agreement. If it becomes advisable at any time, in our sole discretion, for you to modify or discontinue use of any Mark and/or use one or more additional or substitute Marks, you agree to do so and our sole obligation will be to reimburse you for your tangible costs of complying with this obligation.

17. **INSPECTIONS.**

We will have the right at any time during business hours, and without prior notice, to conduct reasonable inspections of the restaurant and its business records, wherever located, and to take a physical inventory of the assets of the restaurant. Inspections of the restaurant will be made at our expense, unless we are required to make any additional inspections in connection with your failure to comply with this Agreement. In such event, we will have the right to charge you for the costs of making all additional inspections in connection with your failure to comply, including without limitation the travel expenses, room, board and compensation of our employees.

18. **TERMINATION AND EXPIRATION.**

18.1 **Termination By Franchisee.** If you are in compliance with this Agreement and we breach this Agreement and fail to cure any breach within thirty (30) days after written notice is delivered to us, which notice shall set forth with specificity the nature of the alleged default and the specific actions required to cure such default, you may terminate this Agreement and the franchise effective ten (10) days after delivery of notice to us. A termination of this Agreement and the franchise by you without complying with these requirements or for any reason other than our breach of this Agreement and our failure to cure said breach within the time period set forth above shall be deemed a termination by you without cause and shall be deemed a default of this Agreement.

18.2 **By Bellacino's.** We shall have the right to terminate this Agreement effective upon delivery of notice of termination to you, upon the occurrence of any of the following:

- (a) you or any of your owners have made any material misrepresentation on your application for the franchise;
- (b) you do not open the restaurant within twelve (12) months from the date of this Agreement;
- (c) you are adjudged bankrupt, become insolvent, make an assignment for the benefit of creditors, are unable to pay your debts as they become due, or a petition under any bankruptcy law is filed against you or a receiver or other custodian is appointed for a substantial part of the assets of the restaurant;
- (d) you abandon or fail to continuously and actively operate the restaurant;
- (e) the lease or sublease for the restaurant is terminated or canceled or you are unable to renew or extend the lease or sublease or you fail to maintain possession of the restaurant premises unless you are permitted to relocate the restaurant under Paragraph 7.2 of this Agreement;
- (f) you or any of your owners is convicted of a felony, or a crime which substantially impairs the goodwill associated with the Marks or you or any of your owners engage in any conduct which, in our judgment, adversely affects the reputation of the restaurant or the goodwill associated with the Marks;
- (g) you intentionally under-report the net sales of the restaurant for any period or periods;
- (h) you or any of your owners violate any of the restrictions contained in Paragraph 19 or 20 of this Agreement;
- (i) you intentionally, or on more than one occasion during the term of this Agreement, violate any Child Labor Laws in connection with your operation of the restaurant;
- (j) an audit by us discloses any understatement of net sales and you fail to pay to us the applicable net sales fee and advertising contribution and interest due within five (5) calendar days after receipt of the final audit report;
- (k) the interest of a deceased or permanently disabled person is not disposed of in accordance with the terms of this Agreement;
- (l) you fail to obtain or maintain insurance required by us and you do not correct this

failure within forty-eight (48) hours after written notice is delivered to you; provided, however, that we shall not exercise our right to terminate this Agreement if you immediately cease operating the restaurant and obtain all such insurance within ten (10) days after written notice is delivered to you;

(m) you fail to comply with any provision of this Agreement or any specification, standard or operating procedure or rule prescribed by us which relates to the use of any Mark or the quality of pizza, grinders or other authorized food products or any beverage sold by you or the cleanliness and sanitation of the restaurant and you do not correct this failure within seven (7) calendar days after written notice is delivered to you;

(n) you fail to pay when due, any amount owed to us, our affiliates or subsidiaries, or any creditor or supplier of the restaurant or any taxing authority for federal, state or local taxes (other than amounts being bona fide disputed through appropriate proceedings) and you do not correct such failure within ten (10) calendar days after written notice is delivered to you;

(o) you or any of your owners fail to comply with any other provision of this Agreement or any specification, standard or operating procedure and fail to correct this failure within thirty (30) calendar days after written notice is delivered to you; or

(p) you or any of your owners fail on three (3) or more occasions during any one (1) year period to comply with any one or more provisions of this Agreement, including without limitation, your obligation to submit when due sales reports or financial statements, to pay when due the net sales fees, advertising contributions or other payments to us or our affiliates or subsidiaries or any other creditors or suppliers of the restaurant, whether or not such failure to comply is corrected after notice is delivered to you.

18.3 **Obligations of Franchisee Upon Termination Or Expiration.** Upon termination or expiration of this Agreement, you agree to:

(a) immediately return to us all copies of the Operating Manual and cease use of and deliver to Bellacino's all Customer Lists (as hereinafter defined in Paragraph 19.5);

(b) take such action as may be required to cancel all assumed name or equivalent registrations relating to the use of any Mark;

(c) notify the telephone company and all listing agencies of the termination or expiration of your right to use all telephone numbers and all classified and other directory listings relating to the restaurant and to authorize transfer of these to us or our franchisee or designee. You acknowledge that we have the sole rights to and interest in all telephone numbers and directory listings relating to any Mark, and you authorize us to direct the telephone company and all listing agencies to transfer all telephone numbers and directory listings to us, our franchisee or designee and if you fail or refuse to do so, the telephone company and all listing agencies may accept our direction as evidence of our exclusive rights in the telephone numbers and directory listings and our authority to direct the transfer;

(d) immediately pay all net sales fees, advertising contributions and other charges which are due and owing under this Agreement at the time of termination;

(e) immediately cease identifying yourself as a Bellacino's restaurant or as being associated with the Bellacino's System;

(f) retain possession of the restaurant premises, at your expense, make such reasonable modifications to the exterior and interior decor of the restaurant as we require to eliminate its

identification as a Bellacino's restaurant;

(g) make the restaurant accessible and available for us to operate pursuant to Paragraph 20.7 of this Agreement and if we elect to do so; and

(h) If requested by Bellacino's, execute an assignment of your right, title, and interest in the restaurant lease to Bellacino's, Inc., or its designee.

## 19. **RESTRICTIVE COVENANTS.**

19.1 **In-Term Covenant.** You agree that, during the term of this Agreement, you will not, directly or indirectly, for the benefit of you or your owners, or through or on behalf of or in conjunction with any other person, partnership or corporation or any other entity, own, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any other interest, whether financial or otherwise, in any competing business. A competing business is a business offering pizza(s) or/or grinder(s) or similar types of submarine sandwiches and pizza(s) "Pizza and Grinders/Submarine Sandwich restaurant business" (except a Mancino's Pizza and Grinders restaurant or other Bellacino's restaurants operated under franchise agreements entered into with us or other Bellacino's restaurants in which you or your owners have an ownership interest).

19.2 **Post-Term Covenant.** You agree that, except as otherwise approved in writing by us, you and your Owners shall not, for a continuous, uninterrupted period of two (2) years commencing upon the date of (a) a transfer permitted under Article 20, Section 20.2 of this Agreement, (b) expiration of this Agreement, (c) termination or non-renewal of this Agreement (regardless of the cause for termination or non-renewal), or (d) a final order of a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 19.2, either directly or indirectly, for yourself or your Immediate Family, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, act as a consultant for, perform services for, provide assistance to, or have any interest in (as owner or otherwise) any Competitive Business that is, or is intended to be, located (a) at the Location, (b) within fifteen (15) miles of the Location, or (c) fifteen (15) miles of any Bellacino's Pizza and Grinders business in operation or under construction as of the date that you are required to comply with this Article 19.2. You agree and acknowledge that the two (2) year period of this restriction shall be tolled during any time period in which you are in violation of this restriction.

19.3 **Ownership of Public Companies.** The covenants contained in this Article 19 shall not apply to: (a) interests in or operation of a Bellacino's Pizza and Grinder business under a written Franchise Agreement with us; or (b) the ownership of shares of a class of securities that are listed on a public stock exchange or traded on the over-the-counter market and that represent less than five percent (5%) of that class of securities.

19.4 **Solicitation of Employees.** You agree that during the term of this Agreement or for a period of one (1) year after termination or expiration of this Agreement, you will not, directly or indirectly, solicit or employ any person who is employed by us, by any entity controlled by us or by any other of our franchisees, nor will you induce or attempt to induce any of these people to leave their employment without the prior written consent of their employers. We agree that we will not induce or attempt to induce any of your employees to leave their employment with you and become employed with us or our affiliates without your consent.

## 19.5 **Customer Lists and Trade Secrets; New Processes, Concepts, Improvements, Etc.**

You agree to maintain the absolute confidentiality of the Operating Manual and all other information concerning the Bellacino's System during and after the term of the franchise, disclosing this information to the other employees of the restaurant only to the extent necessary for the operation of the restaurant in accordance with the Agreement, and that you will not use the Operating Manual or such other information in any other business or in any manner not specifically authorized or approved by us in writing. The customer lists and all historical data relating to the sale of all pizza, grinders and beverage products at the restaurant (the "Customer Lists") also shall be deemed confidential, and: (a) you shall not use the Customer Lists in any other business or capacity; and (b) you shall maintain the absolute secrecy and confidentiality of the Customer Lists. Prior to hiring each employee, you shall require that each employee, including Managers, execute the Confidentiality and Non-Disclosure Agreement attached as **Exhibit "1"** to the Franchise Agreement.

19.6 **Owners of Corporation, Limited Liability Company or Partnership.** If you are a corporation, partnership or limited liability company, each shareholder, partner or managing member shall cause each shareholder, partner or managing member to execute the Personal Guaranty set forth on Page 30, guaranteeing your obligations under the Franchise Agreement and also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, and you agree to be bound by the confidentiality and non-competition provisions of the Franchise Agreement.

## 20. **ASSIGNMENT.**

20.1 **By Bellacino's.** This Agreement is fully assignable by us and the assignee or other legal successor to our interests will be entitled to all of the benefits of this Agreement.

20.2 **By Franchisee.** This Agreement is personal to you and your owners (if you are a corporation, limited liability company or partnership). Accordingly, neither you nor any of your owners may assign or transfer this Agreement, any interest in this Agreement or, if you are a corporation, Limited Liability Company or partnership, any interest in the corporation, Limited Liability Company or partnership except as specifically authorized under this Agreement. A transfer of ownership of the restaurant (or its assets) may only be made in conjunction with a transfer of this Agreement. Any attempted assignment or transfer not in accordance with this Agreement shall have no effect and shall constitute a breach of this Agreement.

20.3 **Assignment to Corporation, Limited Liability Company or Partnership.** We will allow you to assign this Agreement and the restaurant (and its assets) to a corporation, limited liability company or partnership for the convenience of ownership of the restaurant, provided:

(a) the corporation, limited liability company or partnership conducts no business other than the operation of the restaurant or other Bellacino's restaurant (or other related activities authorized under this Agreement);

(b) the corporation, limited liability company or partnership is actively managed by you;

(c) the person designated as the controlling shareholder, member or partner owns and controls not less than fifty-one percent (51%) of the general partnership interest of such partnership or the equity and voting power of all issued and outstanding capital stock of such corporation or is managing member of the limited liability company; and

(d) all shareholders and partners meet our requirements as established from time to time by us and agree to guarantee the obligations of the corporation, Limited Liability Company or partnership under this Agreement and to be bound by the terms of this Agreement in the manner prescribed by us.

If you are a corporation, limited liability company or partnership or if this Agreement is assigned to a corporation, Limited Liability Company or partnership, you must comply with the requirements set forth in this Paragraph 20.3 throughout the term of this Agreement. We shall also have the right to require, as a condition of any assignment of this Agreement to a corporation, limited liability company or partnership or the operation of the franchise by a corporation, limited liability company or partnership, that the shareholders, members or partners enter into a buy/sell agreement among themselves in a form and containing such terms as we prescribe for transfers of ownership interests in such corporation, limited liability company or partnership. You shall provide us with all documents to be executed in connection with any such assignment and we shall use our reasonable efforts to approve or disapprove these within thirty (30) days after receipt.

20.4 **Assignment or Transfer to Others.** We will permit sales, transfers or assignments of this Agreement or, if you are a corporation, limited liability company or partnership, an ownership interest in the corporation, Limited Liability Company or partnership to others provided:

- (a) you (and your owners) are not in default under this Agreement or any other agreement with us or our subsidiaries or affiliates or any other creditor or supplier of the restaurant and must sign a General Release;
- (b) the proposed transferee or assignee (and its controlling shareholder, managing member or partner and all other owners if it is a corporation, limited liability company or partnership) meets our then-applicable standards for franchisees or owners;
- (c) the proposed transferee or assignee (or its owners) is not operating any other pizza or grinder store business except other Bellacino's restaurants;
- (d) the proposed transferee or assignee (and its owners if it is a corporation, limited liability company or partnership), must sign Franchisor's then-current Franchise Agreement, which may be substantially different from this Agreement, including different Initial Fee and National Marketing Fund Contribution rate and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;
- (e) the proposed transferee or assignee (or the person designated by us) must complete all required training to the extent required by us;
- (f) at our request, the proposed transferee or assignee refurbishes the restaurant in the manner and subject to the provisions prescribed in Paragraph 9;
- (g) the proposed transferee or assignee pays us a transfer fee of \$5,000.00; and
- (h) the franchisee has complied with the requirements set forth in Section 20.8.

The provisions of (d), (e), (f), (g) and (h) above shall not apply to an approved sale, transfer or assignment by a shareholder, member or partner owning a forty-nine percent (49%) or less interest in the corporation, limited liability company or partnership except that the proposed transferee or assignee must guarantee the performance by Franchisee of its obligations under this Agreement and agree to be bound by all of the provisions of this Agreement in the form prescribed by us. You must provide us with all documents to be executed by you and/or your owners and the proposed purchasers in connection with any transfer or assignment at least thirty (30) days prior to signing.

20.5 **Death or Permanent Disability.** Upon your death or permanent disability or the death or permanent disability of the controlling shareholder, member or partner, this Agreement or the ownership

interest of such deceased or permanently disabled shareholder, member or partner must be transferred to a party approved by us. Any transfer, including, without limitation, transfers by devise or inheritance or trust provisions, shall be subject to the same conditions for transfers, which are contained in this Agreement. Except as otherwise prescribed by us in writing, your personal representative or the personal representative of such shareholder, member or partner shall submit to Bellacino's a proposal meeting the requirements for transfer of this Agreement or such ownership interest within one hundred twenty (120) days of your death or permanent disability or the death or permanent disability of such shareholder, member or partner. Bellacino's agrees to communicate its approval or disapproval of any such proposal within fifteen (15) days of receipt. Bellacino's will not unreasonably withhold its consent to the transfer of this Agreement or such ownership interest to your spouse, heirs or relatives or the spouse, heirs or relatives of such deceased or permanently disabled shareholder, member or partner, provided the requirements of Paragraph 20.4 are satisfied. Bellacino's agrees to make its Board of Directors and Executive Team (or its successor) available during such one hundred twenty (120) day period to evaluate any proposal regarding transfer of this Agreement or such ownership interest, including any request that Bellacino's consider purchasing the franchise or such ownership interest. Your personal representative or the personal representative of such deceased or permanently disabled shareholder, member or partner shall complete the transfer of this Agreement or such ownership interest within sixty (60) days from the date of Bellacino's approval of any such proposal. Upon the death of any other owner, the interest of such owner shall be transferred within a reasonable time to a person meeting our requirements. All such transfers must also comply with Paragraph 20.4 of this Agreement. You or any of your owners' failure to transfer the interest in accordance with the provisions of this Paragraph shall be considered a breach of this Agreement.

20.6 **Definition of Permanent Disability.** You or your controlling shareholder, member or partner will be deemed to have a "permanent disability" if you or your controlling shareholder's, member's or partner's usual, active participation in the restaurant as contemplated by this Agreement is for any reason curtailed for a continuous period of six (6) months.

20.7 **Operation by Bellacino's After Death or Permanent Disability.** We shall have the right to appoint a manager for the restaurant if in our judgment the restaurant is not being managed properly after your death or permanent disability or the death or permanent disability of the controlling shareholder, member or partner. All funds from the operation of the restaurant during the management by our appointed manager will be kept in a separate fund, and all expenses of the restaurant including compensation, other costs, and travel and living expenses of our manager will be charged to this fund. We will charge a management fee of two percent (2%) (in addition to the net sales fee and advertising contributions payable under this Agreement) during the period in which we manage the restaurant on your behalf. In managing the debts, losses or obligations of the restaurant, our obligation will be to use our reasonable efforts and we will not be liable for any debts, losses or obligations of the restaurant, to any of your creditors for any products, materials, supplies or services purchased by the restaurant prior to or during the time of management by our manager. If the fund which we maintain is insufficient to pay the expenses of the restaurant, we will notify you or your executor, administrator, conservator or other personal representative and this person must deposit in the fund within five (5) business days, any amount required by us to attain a reasonable balance in the fund.

20.8 **Right of First Refusal of Bellacino's.** If you or your owners propose to sell the restaurant (or its assets) or, if you are a corporation, limited liability company or partnership, any ownership interest in the corporation, limited liability company or partnership and you or your owners obtain a bona fide, executed written offer to purchase this interest, you or your owners are obligated to deliver a copy of the bona fide offer to us along with all documents to be executed by you or your owners and the proposed assignee or transferee. We will, for a period of thirty (30) days from the date of delivery of this offer to us, have the right, exercisable by written notice to you or your owners, to purchase the restaurant (or its assets) or such ownership interest for the price and on the terms and conditions contained in the offer. We may substitute equivalent cash for any form of payment proposed in such offer or designate a substitute purchaser for the restaurant (or the assets) or the ownership interest being offered, provided that we will

assume responsibility for the performance of any other purchaser we may designate. If the offer is to purchase the interest of a controlling shareholder, member or partner and is for less than all of the outstanding interests of the corporation, limited liability company or partnership, we shall also have the right, during such thirty (30) day period upon written notice to the other owners, to purchase the remaining shares of capital stock or partnership interest at a per share or per unit or interest price equivalent to the price being offered under the bona fide offer to the controlling shareholder or partner. If we do not exercise this right of first refusal, the offer may be accepted by you or your owners, subject to our prior written approval as provided in this Agreement. If the bona fide offer is not accepted within sixty (60) days after the date we fail to exercise our right of first refusal, we will again have the right of first refusal to purchase the restaurant as above described. This paragraph will not apply to transfers made in accordance with Paragraph 20.3 of this Agreement.

## **21. CONTRACT INTERPRETATION AND ENFORCEMENT.**

21.1 **Effect of Waivers.** No waiver by us of any breach or a series of breaches of this Agreement shall constitute a waiver of any subsequent breach or waiver of the performance of any of your obligations under this Agreement. Our acceptance of any payment from you or the failure, refusal or neglect by us or you to exercise any right under this Agreement or to insist upon full compliance with our or your obligations under this Agreement or with any specification, standard or operating procedure or rule will not constitute a waiver of any provision of this Agreement.

21.2 **Construction and Severability.** All references in this Agreement to the singular shall include the plural where applicable, and all references to the masculine shall include the feminine and vice-versa. If any part of this Agreement for any reason shall be declared invalid, such decision shall not affect the validity of any remaining portion, which shall remain in full force and effect. If any applicable law or rule requires a greater prior notice of the termination of or election not to renew this Agreement, or the taking of some other action than is required under this Agreement, the prior notice or other requirements required by this law or rule shall be substituted for the requirements of this Agreement.

21.3 **Scope and Modification of Agreement.** This Agreement constitutes the entire agreement between the parties and supersedes all prior and contemporaneous, oral or written, agreements or understandings of the parties regarding the subject matter of this Agreement. No modification, waiver, termination, rescission, discharge or cancellation of this Agreement shall affect the right of any part to enforce any claim or right under this Agreement, whether or not liquidated, which occurred prior to the date of such modification, waiver, termination, rescission, discharge or cancellation.

Nothing in the Agreements or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

21.4 **Governing Laws.** The terms and provisions of this Agreement shall be interpreted in accordance with and governed by the laws of the State of Michigan.

21.5 **Notices.** All written notices permitted or required to be delivered by the provisions of this Agreement or of the Operating Manual shall be deemed so delivered when delivered to you by hand or three (3) days after having been placed in the United States Mail by Registered or Certified Mail, Federal Express or Email and addressed to us at our most current principal business address or to you at the most current principal business address or home address of which we have been notified in writing.

21.6 **Independent Contractors.** The parties to this Agreement are independent contractors and no training, assistance or supervision, which we may give or offer to you, shall be deemed to negate such independence. We shall not be liable for any damages to any person or property arising directly or indirectly out of the operation of the restaurant, including, but not limited to, those damages, which may occur while your employees are making or returning from making deliveries. Nor shall we have any liability for any

taxes levied upon you, your business, or the restaurant. The parties further acknowledge and agree the relationship created by this Agreement and the relationship between us and the relationship between Bellacino's and your employees is not a fiduciary relationship nor one of principal and agent.

21.7 **Standard of Reasonableness.** Unless otherwise stated in this Agreement, we agree to exercise reasonable judgment with respect to all determination to be made by us under the terms of this Agreement.

21.8 **Acknowledgment.** You acknowledge that you have conducted an independent investigation of the business contemplated by this Agreement and recognize that it involves business risks making the success of the venture largely dependent upon your business abilities. We expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement.

21.9 **Binding Effect.** This Agreement is binding upon the parties and their heirs, approved assigns and successors in interest.

21.10 **Effective Date of This Agreement.** This Agreement shall become effective upon the date of its acceptance and execution by us.

## 22. **ENFORCEMENT.**

22.1 **Injunctive Relief.** Franchisor will have the right to petition a Court of competent jurisdiction for the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to: (A) the Franchisee's improper use of Franchisor's Marks and the Business System; (B) the obligations of the Franchisee upon termination or expiration of this Agreement; (C) the sale, transfer or assignment of this Agreement, the Franchisee's Restaurant or the ownership interests of the franchisee; (D) the Franchisee's violation of the provisions of this Agreement relating to confidentiality and the covenants not to compete; and (E) any act or omission by the Franchisee or the franchisee's employees that: (1) constitutes a violation of any applicable law, ordinance or regulation; (2) is dishonest or misleading to the clients or customers of the Franchisee's Restaurant or other Restaurants; (3) constitutes a danger to the employees, public, guests, clients or customers of the franchisee's Restaurant; or (4) may impair the goodwill associated with Franchisor's Marks and the Business System. Franchisor will be entitled to receive injunctive relief against the franchisee without posting a bond or other security. In any action brought under this provision, we shall be entitled to recoup from you all costs that we may incur in any lawsuit or proceedings under this provision including, without limitation, reasonable attorneys' fees, expert witness fees, costs of investigation, court costs, litigation expenses, travel and living expenses, and all other costs incurred by Franchisor.

## 23. **COUNTERPARTS.**

This Agreement may be executed in counterparts, and each set of duly delivered identical counterparts which includes all signatories shall be deemed to be one original document.

## 24. **FULL EXECUTION.**

This Agreement requires the signature of both parties. Until fully executed, on a single copy or in counterparts, this Agreement is of no binding force or effect and if not fully executed, this Agreement is void.

25. **ELECTRONIC SIGNATURES.**

The parties have agreed that electronic copies of this fully executed Agreement shall constitute a valid, enforceable agreement for all purposes.

**IN WITNESS WHEREOF**, Franchisor, the Franchisee have respectively signed and sealed this Agreement effective as of the day and year first above written.

**Franchisor** – Bellacino’s, Inc.

**Franchisee** – \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_, 20\_\_\_\_

Date: \_\_\_\_\_, 20\_\_\_\_

**APPENDIX A  
OWNERSHIP ADDENDUM**

1. **RESPONSIBLE OWNER.** The name and home address of the Responsible Owner is as follows:

\_\_\_\_\_

2. **APPROVED OPERATOR.** The name and home address of the Approved Operator is as follows:

\_\_\_\_\_

3. **FORM OF ENTITY OF FRANCHISEE.**

(a) **LIMITED LIABILITY COMPANY.** Franchisee was organized in \_\_\_\_\_, under the laws of the \_\_\_\_\_. Its Federal Identification Number is \_\_\_\_\_. It has not conducted business under any name other than its corporate or company name.

Name of Each Director/Officer/President	Position(s) Held

4. **OWNERS.**

(a) Franchisee and each of its Owners represents and warrants that the following is a complete and accurate list of all Owners of any interest whatsoever in Franchisee, including the full name, mailing address and social security number of each Owner, and fully describes the nature and extent of each Owner's interest in Franchisee. Franchisee and each Owner as to his ownership interest, represents and warrants that each Owner is the sole and exclusive legal and beneficial owner of his ownership interest in Franchisee, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Agreement.

Owner's Name and Address	Percentage and Nature of Ownership Interest
	%

(b) **Control Group.** You represent and warrant that the following Owner or group of Owners has, directly or indirectly, 51% or more ownership interest in you and voting control over its ownership interests in you and constitutes your Control Group as described in Article 2.4 of the Franchise Agreement.

Owner's Name and Address	Percentage and Nature of Ownership Interest
	%

This Appendix A is deemed accepted and made a part of the Franchise Agreement as of the Franchise Agreement's Effective Date.

\_\_\_\_\_  
Owner

Bellacino's Inc.  
A Michigan Corporation

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: Daniel Warnaar

Title: \_\_\_\_\_

Title: President

**EFFECTIVE DATE:** \_\_\_\_\_

**EFFECTIVE DATE:** \_\_\_\_\_

## APPENDIX B

### OWNERS' PERSONAL GUARANTY OF FRANCHISEE'S OBLIGATIONS ("Guaranty")

In consideration of, and as an inducement to, the execution of the Bellacino's, Inc. Franchise Agreement dated as of \_\_\_\_\_, (the "Agreement") by and between the Bellacino's, Inc. ("Franchisor"), and \_\_\_\_\_ ("Franchisee") each of the undersigned Owners of ten percent (ten%) or greater interest in Franchisee hereby personally and unconditionally: (1) guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement (and any amendments) and that each and every representation of Franchisee made in connection with the Agreement (and any amendments) are true, correct and complete in all respects at and as of the time given; and (2) agrees personally to be bound by, and personally liable for the breach of, each and every provision in the Agreement (and any amendments), including, without limitation, the confidentiality obligations and non-competition covenants in Article 19, Sections 19.1, 19.2 and 19.3 of the Agreement, respectively.

Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability; (e) notice of any amendment to the agreement; and (f) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that: (i) his direct and immediate liability under this guaranty shall be joint and several; (ii) he shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses to do so punctually; (iii) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (iv) such liability shall not be diminished, relieved or otherwise effected by any extension of time, credit or other indulgence which the Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable until satisfied in full.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of the Guaranty will inure to the benefit of our successors and assigns.

This Guaranty shall be governed by the governing law provisions set forth in Article 21.4 of the Agreement.

**IN WITNESS WHEREOF**, each of the undersigned has hereunto affixed his(their) signature(s), as of the Effective Date of the Agreement.

**GUARANTOR (S)**

**NAME AND SIGNATURE - % of Ownership**

<hr/> (Signature) <hr/> (Print Name)	<hr/>   
---	-------------------

<hr/> (Signature) <hr/> (Print Name)	<hr/>   
---	-------------------

<hr/> (Signature) <hr/> (Print Name)	<hr/>   
---	-------------------

<hr/> (Signature) <hr/> (Print Name)	<hr/>   
---	-------------------

**APPENDIX C**  
**OWNER PERSONAL COVENANTS REGARDING**  
**CONFIDENTIALITY AND NON-COMPETITION**

In conjunction with your investment in \_\_\_\_\_ (“Franchisee”) a partnership, you (“Owner” or “you”), acknowledge and agree as follows:

1. Franchisee owns and operates, or is developing, a Bellacino’s Pizza and Grinders business located or to be located at \_\_\_\_\_ pursuant to a franchise agreement (“Franchise Agreement”) with Bellacino’s, Inc., which Franchise Agreement requires persons with legal or beneficial ownership interests in Franchisee under certain circumstances to be personally bound by the confidentiality and noncompetition covenants contained in the Franchise Agreement. All capitalized terms contained herein shall have the same meaning set forth in the Franchise Agreement.
2. You own or intend to own a legal or beneficial ownership interest in Franchisee and acknowledge and agree that your execution of this agreement (“Agreement”) is a condition to such ownership interest and that you have received good and valuable consideration for executing this Agreement. We may enforce this Agreement directly against you and Your Owners (as defined below).
3. If you are a corporation, partnership, limited liability company or other entity, all persons who have a legal or beneficial interest in you (“Your Owners”) must also execute this Agreement.
4. You and Your Owners, if any, may gain access to parts of our Confidential Information as a result of investing in Franchisee. The Confidential Information is proprietary and includes our trade secrets. You and Your Owners hereby agree that while you and they have a legal or beneficial ownership interest in Franchisee and thereafter you and they: (a) will not use the Confidential Information in any other business or capacity (such use being an unfair method of competition); (b) will exert best efforts to maintain the confidentiality of the Confidential Information; and (c) will not make unauthorized copies of any portion of the Confidential Information disclosed in written, electronic or other form. If you or Your Owners cease to have an interest in Franchisee, you and Your Owners, if any, must deliver to us any such Confidential Information in your or their possession.
5. You specifically acknowledge that you will receive valuable, specialized training, Confidential Information (as defined in Article 10 and Section 15.4 of the Franchise Agreement), and other proprietary and specialized information and knowledge that provide a valuable, competitive advantage in operating a pizza and grinder restaurant. You further acknowledge that we would be unable to protect the Confidential Information against unauthorized use or disclosure or to encourage the free exchange of ideas and information among our franchisees if you were permitted to hold interests in or perform services for a Competitive Business (as defined in Terms-Competitive Business and Section 19.1 of the Franchise Agreement), and we have granted you the Franchisee certain rights under the Franchise Agreement in consideration of, and in reliance upon, your agreement to deal exclusively with us. You therefore covenant that during the term of the Franchise Agreement (except as otherwise approved in writing by us), you, Your Owners, and you and their Immediate Families shall not, either directly, indirectly or through, on behalf of, or in conjunction with any person or legal entity:
  - (a) Perform, directly or indirectly, any act injurious or prejudicial to the goodwill associated with the Marks and the System;
  - (b) Own, maintain, operate, engage in, be employed by, act as a consultant for, perform services for, provide assistance to, or have any interest in (as owner or otherwise) any Competitive Business.

6. You covenant that, except as otherwise approved in writing by us, you and Your Owners shall not, for a continuous, uninterrupted period of two (2) years commencing upon the date of (a) a transfer/assignment permitted under Article 20 of the Franchise Agreement, (b) expiration of the Franchise Agreement, (c) termination or non-renewal of the Franchise Agreement (regardless of the cause for termination or non-renewal), or (d) a final order a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Paragraph, either directly or indirectly, for yourself or your Immediate Family, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, act as a consultant for, perform services for, provide assistance to, or have any interest in (as owner or otherwise) any Competitive Business that is, or is intended to be, located (a) at the location of the Bellacino's Pizza and Grinders business, (b) within fifteen (15) miles of the location, or (c) fifteen (15) miles of any Bellacino's Pizza and Grinders business in operation or under construction as of the date that you are required to comply with this Paragraph 6. You agree and acknowledge that the two (2) year period of this restriction shall be tolled during any time period in which you are in violation of this restriction.
7. You and each of Your Owners expressly acknowledge the possession of skills and abilities of a general nature and the opportunity to exploit such skills in other ways, so that enforcement of the covenants contained in Articles 5 and 6 will not deprive any of you of your personal goodwill or ability to earn a living. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope or in terms of geographical area, type of business activity prohibited and/or length of time, but could be rendered enforceable by reducing any part or all of it, you and we agree that it will be enforced to the fullest extent permissible under applicable law and public policy. We may obtain in any court of competent jurisdiction any injunctive relief, including temporary restraining orders and preliminary injunctions, against conduct or threatened conduct for which no adequate remedy at law may be available or which may cause it irreparable harm. You and each of Your Owners acknowledges that any violation of the Franchise Agreement hereof would result in irreparable injury for which no adequate remedy at law may be available. If we file a claim to enforce this Agreement and prevails in such proceeding, you agree to reimburse us for all its costs and expenses, including reasonable attorneys' fees.

**IN WITNESS WHEREOF**, each of the undersigned has hereunto affixed his signature, under seal, as of the Effective Date of the Franchise Agreement.

Owner

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title:

**EFFECTIVE DATE:** \_\_\_\_\_

**APPENDIX D**  
**SILENT INVESTORS**

Franchisee owns and operates, or is developing, a Bellacino's Pizza and Grinders business located or to be located at TBD ("Business") pursuant to a franchise agreement ("Franchise Agreement") with Bellacino's, Inc. ("Franchisor"). Capitalized terms not defined herein have the meanings set forth in the Franchise Agreement. Franchisee and its Owners each acknowledge and agree as follows:

1. Silent Investor. As used in the Franchise Agreement and herein, the term "Silent Investor" means and refers to the following individuals and/or entities: Silent Investor Name and Address Percentage Ownership Interest:

**Franchisee states that there are no silent investors to be disclosed in this Appendix D**

2. Additional Silent Investors/Franchisor Approval. The addition of Silent Investors, as well as the equity interest of each such Silent Investor, is subject to the Franchisor's prior written approval. Specifically, Franchisee Parties may not add any new Silent Investor unless such person or entity, and any other person or entity that directly or indirectly controls such person or entity, first satisfies, to Franchisor's satisfaction, Franchisor's then-current character and financial requirements applicable to all Bellacino's franchisees at the time, including, without limitation, the completion of a satisfactory background check and credit check conducted by (or on behalf of) Franchisor. Franchisee and Responsible Owner ("Franchisee Parties") must notify Franchisor within seven (7) calendar days of the date that any Silent Investor ceases having an ownership interest in Franchisee.

3. Silent Investor Prohibitions. Franchisee Parties each agree that no Silent Investor will:

- A. Undertake or exercise an active role in the management or operation of the Business;
- B. Have or otherwise acquire access to Confidential Information or other operating information, including information set forth in the Operations Manual (and/or any component thereof); or
- C. Disclose his/her/its ownership interest in the Business to any third party, except for professional advisors that need to know or as required by law.

4. Covenants of Franchisee Parties. Franchisee Parties each covenant that they will not give, provide, disseminate, create access to, or otherwise release any or all of the following to any Silent Investor: Confidential Information, operating information other than financial statements, marketing techniques or materials that are similar to those used under or in connection with the Bellacino's Pizza and Grinders Methods of Operations, member rate structures similar to those used under or in connection with the Bellacino's Pizza and Grinders Methods of Operations, any of Franchisor's procedures or systems, and any other information that we designate as proprietary and confidential. Franchisee Parties further acknowledge, understand and agree that if a Silent Investor learns Confidential Information or other operating information at any time during or after the term of the Franchise Agreement, Franchisee Parties will be presumed to have disclosed such Confidential Information or other operating information to the Silent Investor(s).

5. Representation and Warranty. Franchisee Parties expressly represent and warrant to Franchisor that the individuals and/or entities identified in Article 1 above constitute all Silent Investors as of the Effective Date, and that no different or additional Silent Investors will acquire or otherwise obtain an interest in Franchisee absent compliance with the conditions described in Article 2 above.

6. Liability for Damages. If any or all of the Franchisee Parties violate the confidentiality or noncompetition provisions of the Franchise Agreement and/or Article 4 (above), the Franchisee Parties will be jointly and severally liable for any such breach, including, to the fullest extent possible, all damages and costs resulting from Franchisor's enforcement or attempted enforcement against any or all Franchisee Parties of any provision of this Appendix or the Franchise Agreement.

7. Cross Default. For the avoidance of doubt, any breach or default under this Appendix D (including, without limitation, Article 4 above) will be deemed an incurable default under the Franchise Agreement. Franchisee Parties acknowledge that a violation of Articles 3 and/or 4 of this Appendix would result in irreparable injury for which no adequate remedy at law may be available. If Franchisor files a claim to enforce the terms of this Appendix and prevails in such proceeding, Franchisee Parties agree to reimburse Franchisor for all its costs and expenses, including reasonable attorneys' fees.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Agreement as of the Effective Date noted below.

\_\_\_\_\_  
Owner Bellacino's, Inc.  
A Michigan Corporation

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title:

**EFFECTIVE DATE:** \_\_\_\_\_

By: \_\_\_\_\_

Print Name: Daniel Warnaar

Title: President

**EFFECTIVE DATE:** \_\_\_\_\_

**APPENDIX E**

**ASSIGNMENT OF TELEPHONE NUMBERS**

Date: \_\_\_\_\_

This assignment is effective as of the date of termination of the Franchise Agreement entered into between Bellacino’s, Inc. (“us”) and \_\_\_\_\_ (“you”). You hereby irrevocably assign to us or our designee the telephone number or numbers and listings issued to you with respect to each and all of your Bellacino’s Pizza and Grinders businesses (“telephone numbers”). This assignment is for collateral purposes only and we have no liability or obligation of any kind whatsoever arising from this assignment, unless we desire to take possession and control over the telephone numbers.

We hereby are authorized and empowered upon termination of the Franchise Agreement and without any further notice to you to notify the telephone company, as well as any other company that publishes telephone directories (“telephone companies”), to transfer the telephone numbers to us or such other person or entity as we designate. You hereby grant to us an irrevocable power of attorney and appoint us as your attorney-in-fact to take any necessary actions to assign the telephone numbers, including but not limited to, executing any forms that the telephone companies may require to effectuate the assignment. This assignment is also for the benefit of the telephone companies, and the telephone companies may accept this assignment and our instructions as conclusive evidence of our rights in the telephone numbers and our authority to direct the amendment, termination or transfer of the telephone numbers, as if they had originally been issued to us. In addition, Franchisee agrees to hold the telephone companies harmless from any and all claims against them arising out of any actions or instructions by Bellacino’s, Inc. regarding the telephone numbers.

\_\_\_\_\_  
Owner

Bellacino’s, Inc.  
A Michigan Corporation

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: Daniel Warnaar

Title:

Title: President

**EFFECTIVE DATE:** \_\_\_\_\_

**EFFECTIVE DATE:** \_\_\_\_\_

**APPENDIX F**  
**LEASE PROVISIONS**

**Restaurant Lease.** The lease for the site of the restaurant to be operated by you in connection with this Agreement shall contain provisions in the form approved by us which allows for assignment of the lease to us or our designee and which requires the Lessor to give us notice of any defaults by you under the lease and an opportunity to cure any such default in the event you fail to do so.

The lease must be submitted to us *prior* to execution for our examination and written approval to confirm that it contains terms and provisions required by Bellacino's, Inc. to be contained in the lease, including, but not limited to substantially the following terms, all of which may be added to, modified or deleted by Bellacino's, Inc. at the time of any assignment or renewal of this lease:

(a) "Anything contained in this lease to the contrary notwithstanding, Lessor agrees that, without its consent, this lease and the right, title and interest of the Lessee hereunder may be assigned by the Lessee to Bellacino's, Inc., a Michigan corporation, or its designee.";

(b) "Lessee agrees that Lessor shall be permitted, and Lessor agrees that it shall, upon a written request of Bellacino's, Inc., disclose to Bellacino's, Inc. all reports, information or data in Lessor's possession respecting sales made in, upon or from the leased premises.";

(c) "Lessor shall give written notice to Bellacino's, Inc., (concurrently with the giving of such notice to Lessee), of any default by Lessee under this lease, and Bellacino's, Inc. shall have fifteen (15) days after the expiration of the period during which the Lessee may cure such default within which to cure said default. Such notice shall be sent to Bellacino's, Inc., 10096 Shaver Road, Portage, Michigan 49024, or such other address as Bellacino's, Inc., may, from time to time, specify in writing to Lessor.";

(d) "Lessor hereby agrees that, after the termination or expiration of this lease or the Franchise Agreement between the Lessee and Bellacino's, Inc., or its designee, Bellacino's, Inc. may enter upon the leased premises for the purpose of removing all signs and other material bearing the trademarks, service marks or other commercial symbols of Bellacino's, Inc.";

(e) "Lessee hereby agrees that the leased premises shall be used for the operation of a Bellacino's Pizza and Grinders Restaurant."; and

(f) "Lessor agrees that beginning on the date hereof and continuing only so long as Lessee continually operates as a business selling primarily Italian foods, sandwiches, salads, and pizza on the Premises, and so long as Lessee and Franchisee are not in default beyond any applicable cure period, Lessor will not enter into any lease within the building, strip mall, commercial development or shopping center within which the leased premises is located (as the case may be) with a Quiznos, Subway, W.G. Grinders, Jersey Mike's, Jimmy Johns, Firehouse Subs, Pizza Hut, Little Caesars, Papa John's, CiCi's or Domino's, or with a lessee whose "Primary Use" is a sit down restaurant for on premises consumption of primarily Italian foods, sandwiches, salads and pizza (the "Exclusive"). "Primary Use" as that term is used herein shall be defined as a use where more than 30% of the Lessee's Net Sales is derived from the sale of on premises consumption of Italian foods, including, but not limited to submarine-style sandwiches, pizza, spaghetti and lasagna.

In the event Lessee claims in good faith a violation of the Exclusive set forth in this section, Lessee shall give Lessor written notice thereof. Lessor shall have sixty (60) days (the "Cure Period") after receipt

of such notice in which to cure the claimed violation, or refute the claim and provide Lessee with evidence indicating that Lessor has not violated Lessee's Exclusive. If the claimed violation is not cured within the Cure Period, then Lessee may terminate this Lease and seek such remedies as may be available to Lessee under the law, including the right to seek injunctive relief, without posting a bond, against the prohibited activity. In such event, Lessee shall be entitled to recover from Lessor all costs and expenses, including reasonable attorney's fees related to the enforcement of Lessor's obligations under this paragraph."

\_\_\_\_\_  
Owner

Bellacino's Pizza and Grinders  
A Michigan Corporation

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: Daniel Warnaar

Title:

Title: President

**EFFECTIVE DATE:** \_\_\_\_\_

**EFFECTIVE DATE:** \_\_\_\_\_

**FRANCHISE AGREEMENT**

**APPENDIX G**

**LOCATION-DATA SHEET**

The approved location is: \_\_TBD\_\_  
\_\_\_\_\_

If no location is approved at the time this Agreement is signed, this EXHIBIT A will be updated when a location has been designated by you and approved by us. The location must be designated, and your lease signed within 6 months of the Effective Date of this Agreement.

\_\_\_\_\_  
Owner

Bellacino's, Inc.  
A Michigan Corporation

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: Daniel Warnaar

Title:

Title: President

**EFFECTIVE DATE:** \_\_\_\_\_

**EFFECTIVE DATE:** \_\_\_\_\_

**FRANCHISE AGREEMENT**  
**APPENDIX H**  
**AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS**

COMPANY NAME: \_\_\_\_\_ (“I”, “we”, “our”)

COMPANY TAXPAYER ID NUMBER: \_\_\_\_\_

I (we) hereby authorize Bellacino’s, Inc (“Franchisor”) to make ACH withdrawals from my (our) checking account listed below on a monthly basis for

- a. Royalty Fees (Section 6.1 (a) 1<sup>st</sup>. month of operations and each month thereafter) of the Franchise Agreement)
- b. Brand Fund (Section 6.1 (b) of the Franchise Agreement to begin 1<sup>st</sup>. month of operations and each month thereafter).
- c. Technology fees (Section 6.1 (c)) currently \$550 per month

I also authorize the Franchisor to initiate direct deposits into this account in the event that a debit entry is made in error. I (we) acknowledge that the origination of ACH transactions to or from my (our) account must comply with the provisions of U.S. law.

Franchisor has notified me by way of this Addendum to establish a designated bank account as defined in Section 6.4 of the Franchise Agreement, from which Franchisor shall be authorized to withdraw via Electronic Funds Transfer, (ACH) the fees due as listed above.

Franchisor will withdraw the listed fees (Royalty Fee, Brand Fund, Technology Fee) on the last day of the month for the prior month of net revenues.

I agree to maintain at all times sufficient funds in such designated bank accounts for such withdrawals and to indemnify the Franchisor for any loss arising in the event that any withdrawals from my (our) account shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

This Agreement shall remain in effect so long as my franchise agreement is in effect.

DEBITS FOR THIS AGREEMENT WILL BE FROM: \_\_\_\_\_ (Date of Franchise Agreement)  
FORWARD

FINANCIAL INSTITUTION: \_\_\_\_\_

BRANCH: \_\_\_\_\_ CITY: \_\_\_\_\_ STATE: \_\_\_\_\_

TRANSIT/ABA NO.: \_\_\_\_\_

ACCOUNT # \_\_\_\_\_

Signature \_\_\_\_\_

Printed Name: \_\_\_\_\_

Phone/Cell Number: \_\_\_\_\_

DATED: \_\_\_\_\_

**FORM OF RELEASE AGREEMENT**  
**(Subject to Change by BELLACINO'S, INC.)**  
**GENERAL RELEASE**

This General Release ("Release") is made and entered into as of the \_\_\_ day of \_\_\_\_\_, 20\_\_, by and between BELLACINO'S, INC., a Michigan corporation with its principal place of business at 10096 Shaver Rd., Portage, MI 49024 ("Franchisor"), on the one hand, and the following franchisees, developers, and principal owners (collectively, "Franchisees") on the other:

Franchisees:

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**RECITALS**

**WHEREAS**, Franchisor and Franchisees are parties to one or more existing *Bellacino's Pizza and Grinders Franchise Agreements* (the "**Franchise Agreements**"), each granting one of the Franchisees the right to operate a Bellacino's Pizza and Grinders business under Franchisor's proprietary marks and system at a specific location; and

**WHEREAS**, Franchisor requires this General Release from Franchisees and their principal owners as a condition for granting a renewal or transfer of the Franchise Agreements.

**NOW, THEREFORE**, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

**1. Release**

The Franchisees and their principal owners, for themselves and their successors, predecessors, assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, subsidiaries, and affiliates (collectively, the "**Releasors**"), hereby irrevocably and unconditionally release and forever discharge Franchisor, and its successors, predecessors, assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, subsidiaries, and affiliates (collectively, the "**Releasees**"), from any and all claims, obligations, actions, or causes of action (however denominated), whether in law or equity, and whether known or unknown, present or contingent, arising out of or related to any acts or occurrences on or before the date of this Release.

This includes, but is not limited to, claims related to the Franchise Agreements, the businesses operated thereunder, or any other agreement between the Releasors and the Releasees, including alleged violations of any franchise, deceptive trade, or unfair practices laws, or any other local, state, or federal law.

Releasors further covenant not to sue or otherwise bring any claim against any Releasee regarding matters released herein. This Release does **not** apply to any new franchise or development rights granted after the effective date of this Release.

**2. Representations and Warranties**

**a. Related Entities.** As of the date of this Release, the Franchisees and Developers listed above constitute all entities (i) in which any Releasor has an interest related to an agreement with Franchisor, and (ii) that

are parties to an agreement with any Releasee. If this representation is breached, all such undisclosed entities shall be bound by this Release as if named herein, and the principal owners shall promptly execute a release in this same form for those entities.

**b. Authority.** Each signatory represents and warrants that they are duly authorized to execute this Release and to bind the entity or individual on whose behalf they sign. In the event of any breach of this warranty, the Releasors shall indemnify and hold harmless the Releasees from all resulting loss or damage, including reasonable attorneys' fees.

**3. Acknowledgment of Unknown Claims**

The Releasors acknowledge that this Release is a full and unconditional general release, extending to all claims of any kind, whether or not known, anticipated, or expected. Releasors further acknowledge that new or different facts may later be discovered and nevertheless intend this Release to apply fully to all such claims.

Each Releasor expressly waives the protections of any laws in any jurisdiction that states:

**“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which, if known by him or her, must have materially affected his or her settlement with the debtor.”**

This Release remains valid and enforceable regardless of any later-discovered claims.

**4. Voluntary Execution**

Releasors acknowledge that they have entered into this Release voluntarily, without coercion or undue influence, and after having had the opportunity to consult with independent legal counsel. They have read and fully understand its terms and intend to be legally bound by it.

**5. Governing Law**

This Release shall be governed by and construed in accordance with the laws of the **State of Michigan**, without regard to its conflicts of law provisions.

**IN WITNESS WHEREOF, the parties have executed this Release as of the date first written above.**

FRANCHISOR: BELLACINO'S, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FRANCHISEE: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Effective Date: \_\_\_\_\_

**EXHIBIT D-1**  
**FRANCHISE DEVELOPMENT AGREEMENT**



ATTORNEY OR ADVISOR:

Name: \_\_\_\_\_

Firm: \_\_\_\_\_

\_\_\_\_\_  
Street ( ) Area Code - Telephone

\_\_\_\_\_  
City State Zip ( ) Area Code - Fax Number

## ARTICLE I RECITALS

**1.1 DEVELOPMENT OF BUSINESS SYSTEM.** Franchisor and its predecessors have developed a distinctive business system for operating family restaurants that provide the public with high quality service, food and beverages of a distinctive character and quality under the name "Bellacino's" (the "Business System") and have publicized the name "Bellacino's" to the public as an organization of restaurant businesses operating under the Business System.

**1.2 CONCEPTS IN BUSINESS SYSTEM.** The Business System contains distinctive concepts which include, without limitation, special recipes and menu items, distinctive building designs, decor and furnishings, standards, specifications and procedures for operations, consistency and uniformity requirements for the foods, products and services offered, procedures for quality and inventory control, training, assistance, and advertising and promotional programs.

**1.3 LICENSING OF MARKS.** Franchisor represents that it has the right and the authority to license the use of the name "Bellacino's" and certain other trademarks, trade names, service marks, logos and commercial symbols (hereinafter referred to as the "Marks") for use in connection with the restaurant businesses operated in conformity with the Business System to selected persons, businesses or entities who will comply with Franchisor's uniformity requirements and quality standards.

**1.4 CONTINUING DEVELOPMENT.** Franchisor continues to develop, use and control the use of the Marks in order to identify for the public the source of foods, products and services marketed under the Business System, and to represent to the public the Business System's high standards of quality, appearance, cleanliness and service.

**1.5 OPERATING OF RESTAURANTS.** The Franchisee desires to operate "Bellacino's" Restaurants (hereinafter referred to as the "Bellacino's Restaurants" or the "Restaurants") at locations in the area set forth in ARTICLE 2 in conformity with the Business System and Franchisor's uniformity requirements and quality standards as established and promulgated from time to time by Franchisor.

**1.6 HIGH STANDARDS REQUIRED.** The Franchisee understands and acknowledges the importance of Franchisor's high standards of quality, appearance, cleanliness and service, and the necessity of operating the Franchisee's Restaurants in strict conformity with Franchisor's standards and specifications.

**1.7 BUSINESS INFORMATION.** Franchisor is willing to provide the Franchisee with marketing, advertising, technology, operational and other business information, experience and "know how" about the "Bellacino's" Restaurants that has been developed over time by Franchisor at a significant cost and investment to Franchisor.

**1.8 RIGHT TO USE MARKS AND BUSINESS SYSTEM.** The Franchisee acknowledges that it would take substantial capital and human resources to develop a business similar to a "Bellacino's" Restaurant and, as a consequence, the Franchisee desires to acquire the right to use the Marks and the Business System and to own and operate the Bellacino's Restaurants pursuant to the terms and conditions set forth in this Agreement.

**1.9 COMPLIANCE WITH AGREEMENT.** The Franchisee acknowledges that Franchisor would not provide the Franchisee with the business information and "know how" about the Business System unless the Franchisee agreed to comply with all of the terms and conditions of this Agreement and agreed to pay the Exclusive Territory Fee, the Initial Fees and the Continuing Fees specified in this Agreement.

**1.10 REVIEW OF AGREEMENT.** The Franchisee has had a full and adequate opportunity to read and review this Agreement and to be thoroughly advised of the terms and conditions of this Agreement by an attorney or other personal representative, and has had sufficient time to evaluate and investigate the Business System, the financial requirements and the risks associated with the Business System.

In recognition of these recitals and in consideration of the mutual promises and covenants set forth in this Agreement, Franchisor and the Franchisee agree and contract as follows:

## ARTICLE 2 FRANCHISED AREA

**2.1 FRANCHISED AREA.** Franchisor hereby grants to the Franchisee, for the term of this Agreement, the right to enter into Franchise Agreements with Franchisor for the operation of Bellacino's Restaurants in conformity with the Business System to be located only within the area described in the Development Summary as the "Franchised Area". (The Franchised Area may be further described and delineated in Exhibit A attached hereto and signed by both the Franchisee and Franchisor.)

**2.2 EXCLUSIVITY.** Franchisor will not franchise, license, subfranchise, develop, own or operate ("develop") any Bellacino's Restaurants or Mancino's Pizza and Grinders restaurants or any restaurant that serves pizza and/or grinders in the Franchised Area while this Agreement is in effect without the consent of the Franchisee; provided, however, that Franchisor and its affiliates will have the right to acquire, franchise and operate other restaurant and business concepts, even if the locations are located in the Franchised Area.

**2.3 SALE OF PROPRIETARY PRODUCTS.** During the term of this Agreement and thereafter, Franchisor and its affiliates will have the right to directly or indirectly market or sell any proprietary or other products or merchandise under the name "Bellacino's", and other names, trademarks and service marks that have been or may be developed or acquired by Franchisor or an affiliate to other persons, businesses or entities that are not Bellacino's franchisees through other methods of distribution anywhere in the world, including in the Franchisee's Franchised Area.

**2.4 PERSONAL RIGHTS.** The Franchisee will not have the right to franchise, subfranchise, license or sublicense its rights under this Agreement and the Franchisee may develop, own and operate Bellacino's Restaurants only in the Franchised Area. The rights and privileges granted and conveyed to the Franchisee in this Agreement will be exclusively for the Franchised Area and may not be assigned, sold or transferred by the Franchisee, except as specifically provided for in this Agreement.

## ARTICLE 3 TERM OF DEVELOPMENT AGREEMENT

**3.1 TERM.** The term of this Agreement will be for the number of years stated as the "Term" in the Development Summary, commencing on the Effective Date of this Agreement. This Agreement will not be enforceable until it has been signed by both the Franchisee and Franchisor. At the end of the term of this Agreement, the Franchisee's exclusive development rights with respect to the Franchised Area will automatically terminate, and the Franchisee will not have the right to renew or extend the term of this Agreement. Following the end of the term of this Agreement, Franchisor will have the right to reevaluate the prospects for the establishment of Bellacino's Restaurants in the Franchised Area, and Franchisor may determine that the Franchised Area will be further developed by opening additional Bellacino's Restaurants in the Franchised Area.

## ARTICLE 4 TERRITORY FEE; INITIAL FEE; DEVELOPMENT SCHEDULE

**4.1 TERRITORY FEE.** On the date this Agreement is executed by the Franchisee, the Franchisee will pay Franchisor a nonrefundable Territory Fee equal to the dollar amount stated in the Development Summary as the "Territory Fee." This Territory Fee(s) will not be applied to each subsequent Initial Franchise Fee at the time of signing each additional Franchise Agreement.

**4.2 INITIAL FEE.** In addition to the Territory Fee, the Franchisee will pay Franchisor an Initial Fee, in the amount of \$35,000.00 for the first Bellacino's Restaurant required to be developed, opened and continuously operated by the Franchisee in the Franchised Area; and \$2,000.00 for each additional Restaurant opened under the terms of this Development Agreement. One-half (1/2) of the Initial Fee is payable to Franchisor when you sign a Franchise Agreement. The remaining one-half (1/2) is due on the date your Restaurant is open to the public for business. The amount of each Initial Fee payable to Franchisor for the second and subsequent Bellacino's Restaurants opened in the Franchised Area will be the amount as set forth in this ARTICLE 4.2, even if the then-current standard Franchise Agreement signed by the Franchisee specifies an Initial Fee that is greater than or different from the Initial Fee specified herein. Each such Initial Fee will be payable to Franchisor pursuant to the terms of this Agreement.

**4.3 PAYMENT OF INITIAL FEES.** The applicable Initial Fee set forth in ARTICLE 4.2 of this Agreement for each Bellacino's Restaurant required to be developed in the Franchised Area pursuant to this Agreement will be payable as set forth herein on the date provided in the then-current standard Franchise Agreement for each Bellacino's Restaurant. A then-current standard Franchise Agreement must be executed by the Franchisee for each Bellacino's Restaurant owned and operated by the Franchisee in the Franchised Area on or before the date the Franchisee executes a lease for the business premises of each Bellacino's Restaurant in the Franchised Area, or the date the Franchisee executes a purchase agreement for the real estate for each Bellacino's Restaurant in the Franchised Area, whichever is applicable.

**4.4 DEVELOPMENT SCHEDULE.** The Franchisee acknowledges and agrees that a material provision of this Agreement is that the number of Bellacino's Restaurants must be developed, opened and continuously operating in the Franchised Area during the term of this Agreement in accordance with the "Development Schedule" set out in the Development Summary of this Agreement. Each year period will be determined from the Effective Date of this Agreement, so that the first year of the Development Schedule set forth above will end twelve (12) months after the Effective Date of this Agreement.

**4.5 REASONABLENESS OF DEVELOPMENT SCHEDULE.** The Franchisee represents that it has conducted its own independent investigation and analysis of the prospects for the establishment of Bellacino's Restaurants within the Franchise Area, approves of the Development Schedule as being reasonable and viable, and recognizes that failure to achieve the results described in the Development Schedule will constitute a material breach of this Agreement.

**4.6 FAILURE TO COMPLY WITH DEVELOPMENT SCHEDULE.** The Franchisee's failure to comply with the Development Schedule will constitute a material breach of this Agreement by the Franchisee and, in that event, Franchisor will have the right to terminate this Agreement as provided herein. Termination of this Agreement as a result of the Franchisee's failure to meet the Development Schedule set forth above will not affect the individual Franchise Agreements signed by the Franchisee for the Bellacino's Restaurants in the Franchised Area pursuant to this Agreement; however, upon termination of this Agreement, all rights to develop additional Bellacino's Restaurants in the Franchised Area and all other rights granted to the Franchisee under this Agreement will immediately revert to Franchisor, without affecting those obligations of the Franchisee that continue beyond the termination of this Agreement.

**4.7 TERMINATION FOR FAILURE TO COMPLY WITH DEVELOPMENT SCHEDULE.** If this Agreement is terminated by Franchisor because of the Franchisee's failure to meet the Development Schedule set forth above, the rights and duties of Franchisor and the Franchisee will be as follows: (A) the Franchisee will have no further rights to open or develop additional Bellacino's Restaurants within the Franchised Area; (B) the Franchisee will continue to pay the fees and to operate the Bellacino's Restaurants in the Franchised Area pursuant to the terms of the applicable Franchise Agreements signed by the Franchisee prior to the date of the termination of this Agreement for failure to meet the Development Schedule; (C) Franchisor will have the right to develop the Franchised Area or to contract with another franchisee for future development of the Franchised Area; and (D) damages specified in Article 8.6 are not available to Franchisor.

## **ARTICLE 5 OTHER OBLIGATIONS OF FRANCHISEE**

**5.1 COMPLIANCE WITH APPLICABLE LAWS.** The Franchisee will, at its expense, comply with all applicable federal, state, city, municipal and local laws, ordinances, rules and regulations in the Franchised Area pertaining to the operation of its Bellacino's Restaurants. The Franchisee will, at its expense, be solely and exclusively responsible for determining all licenses and permits required by law for the Franchisee's Bellacino's Restaurants, for qualifying for and obtaining all such licenses and permits, for maintaining all such licenses and permits in full force and effect, and for complying with all applicable laws.

**5.2 SUPERVISORS.** The Franchisee must employ at least one (1) full-time supervisor for each five (5) Bellacino's Restaurants developed in the Franchise Area pursuant to this Agreement to supervise the Franchisee's Bellacino's Restaurants in the Franchised Area. Each supervisor will be responsible for the operation and administration of up to five (5) Bellacino's Restaurants under his or her supervision and control in the Franchised Area, including supervision of the Franchisee's Managers. The Franchisee's supervisors must devote their full time

and attention to administering and overseeing the operations of the Bellacino's Restaurants in the Franchised Area. All Managers of the Franchisee's Bellacino's Restaurants and the Franchisee's supervisors must attend and successfully complete the training program required by Franchisor, and be certified and approved by Franchisor in writing.

**5.3 EXECUTION OF FRANCHISE AGREEMENTS.** For each Bellacino's Restaurant owned, developed and opened for business by the Franchisee in the Franchised Area, the Franchisee must execute Franchisor's then-current standard Franchise Agreement (hereinafter referred to as the "Franchise Agreement") in substantially the same form as Exhibit A attached hereto. If the Franchisee fails to provide Franchisor with an executed Franchise Agreement as required by the terms of this Agreement, it will be deemed a material breach of this Agreement and Franchisor will have the right to terminate this Agreement as provided herein.

**5.4 CONTINUING FEES.** During the term of each Franchise Agreement signed by the Franchisee pursuant to this Agreement, the Franchisee will pay to Franchisor periodic Continuing Fees, as defined in the Franchise Agreement. The percentage of the periodic Net Revenues as defined in the Franchise Agreement, which are received, billed or generated by or from the Bellacino's Restaurants opened by the Franchisee in the Franchised Area, payable by Franchisee as the Continuing Fee is stated as the "Continuing Fee" in the Development Summary of this Agreement.

The Franchisee will pay Continuing Fees to Franchisor at the rates set forth in the Development Summary, even if the then-current standard Franchise Agreements signed by the Franchisee specify Continuing Fees that are greater than or different from the Continuing Fees specified herein.

**5.5 COMPLIANCE WITH FRANCHISE AGREEMENTS.** The Franchisee will operate the Bellacino's Restaurants in the Franchised Area in strict compliance with all of the terms and conditions of the then-current Franchise Agreements executed by the Franchisee and Franchisor.

**5.6 SITE SELECTION.** The Franchisee will be solely responsible for selecting the site of the Franchised Location for the Franchisee's Restaurant, regardless of whether the Franchised Location is owned or leased by the Franchisee. The Franchisee will retain an experienced commercial real estate broker or salesperson that has sufficient experience in locating restaurant sites to locate, acquire, purchase or lease the site for the Franchisee's Restaurant. Accordingly, no provision of this Agreement will be construed or interpreted to impose any obligation upon Franchisor to locate a site for the Franchised Location, to assist the Franchisee in the selection of a suitable site for the Franchised Location, or to provide any assistance to the Franchisee in the purchase or lease of the Franchised Location.

**5.7 SITE SELECTION CRITERIA.** The Franchisee will not lease, purchase or otherwise acquire a site for the Franchised Location until such information as Franchisor may require regarding the proposed site has been provided to Franchisor by Franchisee. Such information may include, without limitation, information regarding the proposed site as to accessibility, visibility, potential traffic flows, lease terms and other demographic information. Franchisee shall not enter into any lease or purchase agreement with respect to any proposed site until Franchisor has issued a notice of no objection. Any such lease for the proposed site shall contain a provision that in the event of any default by the Franchisee under the lease or in the event the Franchisee ceases to operate its Bellacino's Restaurant from the site, the Franchisor shall have the option to assume all obligations of the tenant under the lease and to cure, if necessary, any default by the tenant under the lease and to thereafter operate the Bellacino's Restaurant from the premises. The review of the site conducted by Franchisor will not be deemed to be a warranty, representation or guaranty by Franchisor that if the Franchisee's Restaurant is opened and operated at that site, it will be a financial success. Franchisor will have the right to require the Franchisee to obtain, at the Franchisee's expense, an economic feasibility and demographics study for the proposed site of the Franchised Location. Any site feasibility and demographics study required by Franchisor will be completed by a real estate expert mutually agreed upon by Franchisor and the Franchisee in writing.

## **ARTICLE 6 CONFIDENTIAL STANDARD OPERATIONS AND PROCEDURES MANUAL AND OTHER INFORMATION**

**6.1 COMPLIANCE WITH MANUALS.** In order to protect the reputation and goodwill of Franchisor, and to maintain uniform operating standards under the Marks and the Business System, the Franchisee will at all times during

the term of this Agreement conduct its Restaurant in accordance with Franchisor's confidential Standard Operating Manuals (sometimes referred to as the "Manuals").

**6.2 CONFIDENTIALITY OF MANUALS.** The Franchisee will at all times during the term of this Agreement and thereafter treat the Manuals and any other manuals created for or approved for use in the operation of the Franchisee's Restaurant, and the information contained herein as secret and confidential, and the Franchisee will use all reasonable means to keep such information secret and confidential. Neither the Franchisee nor any employees of the Franchisee will make any copy, duplication, record or reproduction of the Manuals, or any portion thereof, available to any unauthorized person.

**6.3 REVISIONS TO MANUALS.** The Manuals will at all times during the term of this Agreement and thereafter remain the sole and exclusive property of Franchisor. Franchisor may from time to time revise the Manuals, and the Franchisee expressly agrees to operate its Restaurant in accordance with all such revisions. The Franchisee will at all times keep its copy of the Manuals current and up-to-date, and in the event of any dispute regarding the Manuals, the terms of the master copy of the Manuals maintained by Franchisor will be controlling in all respects.

**6.4 CONFIDENTIALITY OF OTHER INFORMATION.** Franchisor and the Franchisee expressly understand and agree that Franchisor will be disclosing and providing to the Franchisee certain confidential and proprietary information concerning the Business System and the procedures, operations, technology and data used in connection with the Business System. The Franchisee will not, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person or entity any such confidential and proprietary information, knowledge or know-how concerning the methods of operation of the Restaurant which may be communicated to the Franchisee, or of which the Franchisee may be apprized by virtue of this Agreement. The Franchisee will divulge such confidential and proprietary information only to its employees who must have access to it in order to operate the Franchisee's Restaurant. Any and all information, knowledge and know-how including, without limitation, drawings, client lists, materials, equipment, technology, methods, procedures, recipes, specifications, techniques, teaching methods, computer programs, systems and other data which Franchisor copyrights or designates as confidential or proprietary will be deemed confidential and proprietary for the purposes of this Agreement. The Franchisee shall not reproduce the output from computer or point-of-sale programs employed by the Franchisor or disclose such output to any person other than the Franchisee or its managers.

**6.5 CONFIDENTIALITY AGREEMENTS.** All of the Franchisee's employees who have access to the Manual or any other confidential or proprietary information must sign confidentiality agreements in the form attached as Exhibit C to this Agreement agreeing to maintain the confidentiality, during the course of their employment and thereafter, of all information designated by Franchisor as confidential and proprietary. Copies of all executed confidentiality agreements will be submitted to Franchisor upon request.

## **ARTICLE 7 ASSIGNMENT**

**7.1 ASSIGNMENT BY Franchisor.** This Agreement may be unilaterally assigned and transferred by Franchisor and will inure to the benefit of Franchisor's successors and assigns. Franchisor will provide the Franchisee with written notice of such assignment or transfer, and the assignee will be required to fulfill Franchisor's obligations under this Agreement.

**7.2 ASSIGNMENT BY Franchisee TO CORPORATION.** In the event the Franchisee is an individual or a partnership, this Agreement may be transferred or assigned by the Franchisee to a corporation which is owned and controlled by the Franchisee without paying any transfer fee, provided that: (A) the Franchisee and the principals who own a majority [fifty-one percent (51%) or greater] of the voting capital stock, membership interest or partnership interest of the assignee entity sign or have signed a personal guaranty in the form contained in the Franchise Agreement; (B) the Franchisee furnishes prior written proof to Franchisor substantiating that the corporation will be financially able to perform all of the terms and conditions of this Agreement; and (C) none of the shareholders own, operate, franchise, develop, manage or control any restaurant business that is in any way competitive with the Franchisee's Bellacino's Restaurants. The Franchisee will give Franchisor fifteen (15) days written notice prior to the proposed date of assignment or transfer of this Agreement to an owned or controlled corporation of the Franchisee; however, the transfer or assignment of this Agreement will not be valid or effective until Franchisor has received the legal documents its legal counsel deems necessary to properly and legally document the transfer or assignment of this

Agreement to the corporation as provided herein.

**7.3 ASSIGNMENT UPON DEATH OR DISABILITY OF FRANCHISEE.** If the Franchisee is an individual, then in the event of the death or permanent disability of the Franchisee, this Agreement may be assigned, transferred or bequeathed by the Franchisee to any designated person or beneficiary without paying a transfer fee. However, the assignment of this Agreement to the transferee, assignee or beneficiary of the Franchisee will not be valid or effective until Franchisor has received the properly transfer, assignment or bequest of this Agreement. Furthermore, the transferee, assignee or beneficiary must agree to be unconditionally bound by the terms and conditions of this Agreement and to personally guarantee the performance of the Franchisee's obligations under this Agreement.

**7.4 APPROVAL OF TRANSFER; CONDITIONS FOR APPROVAL.** The rights granted to the Franchisee pursuant to this Agreement may be sold, assigned or transferred by the Franchisee only with the prior written approval of Franchisor. Except as provided for in ARTICLE 7.7 of this Agreement, Franchisor will not withhold its consent to any sale, assignment or transfer of this Agreement, provided that the Franchisee and/or the transferee franchisee comply with the following conditions:

- (A) The Franchisee has provided written notice to Franchisor of the proposed sale, assignment or transfer of this Agreement at least thirty (30) days prior to the transaction; and
- (B) All of the Franchisee's monetary obligations due to Franchisor have been paid in full, and the Franchisee is not otherwise in default under this Agreement; and
- (C) The transferee franchisee, its principals and Personal Guarantors agree to be personally liable to discharge all of the Franchisee's obligations under this Agreement and Franchisor, the Franchisee and the transferee franchisee enter into a written transfer and assignment agreement in a form satisfactory to Franchisor assuming and agreeing to discharge all of the Franchisee's obligations and covenants under this Agreement and such other ancillary agreements as Franchisor or its legal counsel may require for the transfer of this Agreement to transferee franchisee; and
- (D) The Franchisee has executed a written agreement, in a form satisfactory to Franchisor, in which the Franchisee agrees to observe all applicable provisions of this Agreement, including the provisions with obligations and covenants that continue beyond the expiration or termination of this Agreement which includes the covenants not to compete contained in ARTICLE 10 of this Agreement; and
- (E) Franchisor and the Franchisee have executed a joint and mutual release (Exhibit D-2), in a form satisfactory to Franchisor, of any and all claims against their officers, directors, shareholders, agents and employees, in their corporate and individual capacities arising from, in connection with, or as a result of this Agreement including, without limitation, all claims arising under any federal or state franchising laws or any other federal, state or local law, rule or ordinance; provided, however, that Franchisor and the Franchisee may exclude from the coverage of the release any prior or concurrent written agreements between them; and
- (F) The transferee franchisee has demonstrated to Franchisor's satisfaction that he, she or it meets Franchisor's managerial, financial, and business standards for new area franchisees, possesses a good business reputation and credit rating, and possesses the aptitude and ability to develop, own and operate Bellacino's Restaurants within the Franchised Area (as may be evidenced by prior related business experience or otherwise.)

**7.5 ACKNOWLEDGMENT OF RESTRICTIONS.** The Franchisee acknowledges and agrees that the restrictions on transfer herein are reasonable and are necessary to protect the Business System and the Marks, as well as Franchisor's reputation and image, and are for the protection of Franchisor, the Franchisee and all other franchisees who own and operate Bellacino's Restaurants. Any assignment or transfer permitted by this ARTICLE 7 will not be effective until Franchisor receives a completely executed copy of all transfer documents and Franchisor consents to the transfer in writing. Any attempted assignment or transfer made without complying with the requirements of this ARTICLE 7 will be void.

**7.6 TRANSFER FEE.** If, pursuant to the terms of this ARTICLE 7, this Agreement is assigned, transferred or bequeathed to another person or entity, or if the Franchisee's principals transfer in the aggregate controlling interest in the Franchisee to a third party, then the Franchisee will pay Franchisor a transfer fee of Five Thousand and No/100 Dollars (\$5,000.00). This fee is to cover the costs incurred by Franchisor for attorney's fees, accountant's fees, out-of-pocket expenses, long distance telephone calls, administrative expenses, and the time of its employees and officers.

**7.7 TRANSFER TO COMPETITOR PROHIBITED.** The Franchisee will not sell, assign or transfer this Agreement to any person, partnership, corporation or entity that owns, operates, franchises, develops, consults with, manages, is involved in, or controls any casual theme or family restaurant business that is in any way competitive with a Bellacino's Restaurant. If Franchisor refused to permit a transfer of this Agreement under this ARTICLE 7.7, the Franchisees' only remedy will be to have a Court of competent jurisdiction determine whether the proposed transferee is a competitor of Franchisor.

**7.8 RIGHT OF FIRST REFUSAL OF FRANCHISOR.** If you or your owners propose to sell the restaurant (or its assets) or, if you are a corporation, limited liability company or partnership, any ownership interest in the corporation, limited liability company or partnership and you or your owners obtain a bona fide, executed written offer to purchase this interest, you or your owners are obligated to deliver a copy of the bona fide offer to us along with all documents to be executed by you or your owners and the proposed assignee or transferee. We will, for a period of thirty (30) days from the date of delivery of this offer to us, have the right, exercisable by written notice to you or your owners, to purchase the restaurant (or its assets) or such ownership interest for the price and on the terms and conditions contained in the offer. We may substitute equivalent cash for any form of payment proposed in such offer or designate a substitute purchaser for the restaurant (or the assets) or the ownership interest being offered, provided that we will assume responsibility for the performance of any other purchaser we may designate. If the offer is to purchase the interest of a controlling shareholder, member or partner and is for less than all of the outstanding interests of the corporation, limited liability company or partnership, we shall also have the right, during such thirty (30) day period upon written notice to the other owners, to purchase the remaining shares of capital stock or partnership interest at a per share or per unit or interest price equivalent to the price being offered under the bona fide offer to the controlling shareholder or partner. If we do not exercise this right of first refusal, the offer may be accepted by you or your owners, subject to our prior written approval as provided in this Agreement. If the offer is not accepted within sixty (60) days, we will again have the right of first refusal to purchase the restaurant as above described. This paragraph will not apply to transfers made in accordance with Paragraph 20.3 of this Agreement.

## **ARTICLE 8 FRANCHISOR'S TERMINATION RIGHTS**

**8.1 GROUND FOR TERMINATION.** In addition to the other rights of termination contained in this Agreement, Franchisor will have the right to terminate this Agreement if:

- (A) The Franchisee violates any material provision, term or condition of this Agreement including, but not limited to, the failure to timely pay any fees or other monetary obligations due pursuant to this Agreement or to comply with the Development Schedule;
- (B) The Franchisee fails to conform to the Business System or the standards of uniformity and quality for the products and services promulgated by Franchisor in connection with the Business System;
- (C) The Franchisee fails to timely pay any of its uncontested obligations or liabilities due and owing suppliers, banks, purveyors, other creditors or any federal, state and municipal government (including, if applicable, federal and state income, sales, property, withholding and unemployment taxes);
- (D) Any check issued by the Franchisee is dishonored because of insufficient funds (except where the check is dishonored because of a bookkeeping or accounting error) or closed accounts;
- (E) The Franchisee fails to make, when due, any payment pursuant to any Franchise Agreement, promissory note, other contract or other obligation payable by the Franchisee to Franchisor;
- (F) The Franchisee or any of its partners, directors, officers or majority shareholders is convicted of, or

pleads guilty or no contest to, a charge of violating any law relating to the Franchisee's Bellacino's Restaurants, or any felony.

**8.2 NOTICE OF BREACH.** Except as provided in ARTICLE 8.4 and ARTICLE 8.5 of this Agreement, Franchisor will not have the right to terminate this Agreement unless and until: (A) written notice by personal service or prepaid registered or certified mail setting forth the alleged breach in detail has been delivered to the Franchisee by Franchisor; and (B) after receiving the written notice the Franchisee fails to correct the alleged breach within the period of time specified by applicable law. In the event the applicable law does not specify a time period to correct an alleged breach, then the Franchisee will have thirty (30) days after receipt of the written notice to correct the alleged breach, except where the Franchisee's breach is for failure to pay any fees or other amounts payable to Franchisor, in which case the Franchisee will have ten (10) days after receipt of the written notice to correct the breach by making full payment (including interest if applicable) to Franchisor. If the Franchisee fails to correct an alleged breach set forth in the written notice as provided herein within the required period of time, then this Agreement may be terminated by Franchisor as provided in this Agreement. For the purposes of this Agreement, an alleged breach of this Agreement by the Franchisee will be deemed to be "corrected" if both Franchisor and the Franchisee agree in writing that the alleged breach has been corrected.

**8.3 NOTICE OF TERMINATION.** If Franchisor has complied with the provisions of this ARTICLE and if the Franchisee has not corrected the alleged breach set forth in the written notice within the time period specified in this Agreement, then Franchisor will have the absolute right to terminate this Agreement by giving the Franchisee written notice by personal service or prepaid registered or certified mail that this Agreement is terminated and in that event the effective date of termination of this Agreement will be the day the written notice of termination is received by the Franchisee.

**8.4  GROUNDS FOR IMMEDIATE TERMINATION.** Franchisor will have the absolute right, unless prohibited by applicable law, to immediately terminate this Agreement if:

- (A) The Franchisee or any of its partners, directors, officers or majority shareholders is convicted of, or pleads guilty to or no contest to, a charge of violating any law relating to the Franchisee's Bellacino's Restaurants, or any felony;
- (B) The Franchisee is determined to be insolvent with the meaning of any state or federal law, any involuntary petition for bankruptcy is filed against the Franchisee, or the Franchisee files for bankruptcy or is adjudicated a bankrupt under any state or federal law;
- (C) The Franchisee makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors;
- (D) The Franchisee voluntarily or otherwise abandons the Franchised Area;
- (E) The Franchisee is involved in any act or conduct which materially impairs the goodwill associated with Franchisor's Marks or Business System and which the Franchisee fails to correct within twenty-four (24) hours of receipt of written notice from Franchisor; or
- (F) Any Franchise Agreement executed by the Franchisee is (1) terminated by Franchisor, or (2) wrongfully terminated by the Franchisee.

**8.5 NOTICE OF IMMEDIATE TERMINATION.** If this Agreement is terminated by Franchisor pursuant to ARTICLE 8.4, Franchisor will give the Franchisee written notice by personal service or prepaid registered or certified mail that this Agreement is terminated and in that event the effective date of termination of this Agreement will be the day the written notice of termination is received by the Franchisee.

**8.6 DAMAGES.** In the event this Agreement is terminated by Franchisor pursuant to this ARTICLE 8, or if the Franchisee breaches this Agreement by a wrongful termination of this Agreement, then Franchisor will be entitled to seek recovery from the Franchisee for all of the damages that Franchisor has sustained and will sustain in the future as a result of the Franchisee's breach of this

Agreement, taking into consideration the Initial Fees, Continuing Fees and other fees that would have been payable by the Franchisee pursuant to this Agreement.

**8.7 OTHER REMEDIES.** Nothing in this ARTICLE 8 will preclude Franchisor from seeking other remedies under state or federal laws or under this Agreement against the Franchisee including, but not limited to, attorneys' fees, punitive damages and injunctive relief.

## **ARTICLE 9 FRANCHISEE'S RIGHTS AND OBLIGATIONS UNDER TERMINATION**

**9.1 OBLIGATIONS UPON TERMINATION.** In the event this Agreement is terminated for any reason, then the Franchisee will: (A) within five (5) days after termination, pay all fees and other amounts due and owing, at the time of termination, to Franchisor under this Agreement or any other contract, promissory note or other obligation payable by the Franchisee to Franchisor; and (B) comply with all other applicable provisions of this Agreement, including those provisions with obligations that continue beyond the termination of this Agreement.

**9.2 REVERSION OF RIGHTS.** Upon termination of this Agreement for any reason, all rights to develop additional Bellacino's Restaurants in the Franchised Area and all other rights granted to the Franchisee pursuant to this Agreement will automatically revert to Franchisor, and Franchisor will have the right to develop the Franchised Area or to contract with another franchisee for the future development of the Franchised Area.

**9.3 FRANCHISE AGREEMENTS NOT AFFECTED.** The Franchisee will continue to operate the Bellacino's Restaurants owned and operated by the Franchisee in the Franchised Area pursuant to the terms of the applicable Franchise Agreements signed by the Franchisee and Franchisor prior to the termination of this Agreement, and the rights and obligations of the Franchisee and Franchisor with respect to the Franchisee's Bellacino's Restaurants in the Franchised Area will be governed by the terms of the applicable Franchise Agreements.

## **ARTICLE 10 FRANCHISEE'S COVENANTS NOT TO COMPETE**

**10.1 CONSIDERATION.** The Franchisee, the Franchisee's principals and the Personal Guarantors acknowledge that the Franchisee, its principals, and its employees will receive specialized training, current and future marketing and advertising plans, research and development information, business plans and strategies, confidential information and trade secrets from Franchisor pertaining to the Business System and the operation of Bellacino's Restaurants. In consideration for the use and license of such valuable and confidential information, the Franchisee, the Franchisee's principals and the Personal Guarantors will comply in all respects with the provisions of this ARTICLE. Franchisor has advised the Franchisee that this provision is a material provision of this Agreement, and that Franchisor will not sell a Bellacino's Franchise to any person or entity that owns or intends to own, operate or be involved in any business that competes directly or indirectly with a Bellacino's Restaurant; provided, however, that Franchisor may, under certain circumstances, exclude from the coverage of ARTICLE 10.2 and ARTICLE 10.3 existing operational restaurant(s) owned and operated by the Franchisee as of the date of this Agreement, and the Franchisee may, with the written consent of Franchisor, continue to own and operate such restaurants during the term of this Agreement and thereafter.

**10.2 IN-TERM COVENANT NOT TO COMPETE.** The Franchisee, the Franchisees' FRANCHISEE, the FRANCHISEE'S principals and the Personal Guarantors will not, during the term of this Agreement, on their own account or as an employee, agent, affiliate, licensee, consultant, partner, officer, director, or shareholder of any other person, firm, entity, partnership or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in any casual dining or other restaurant business that is in any way competitive with or similar to a Bellacino's Restaurant, except with the prior written consent of Franchisor.

**10.3 POST-TERM COVENANT NOT TO COMPETE.** Except as permitted by the terms of this Agreement, the Franchisee, the Franchisee's principals and the Personal Guarantors will not, on their own account or as an employee, agent, affiliate, licensee, consultant, partner, officer, director or shareholder of any other person, form, entity, partnership or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity engaged in any casual dining or other restaurant business that is any way competitive with or similar to a Bellacino's Restaurant which is located either within the Franchised Area, within fifteen (15) miles of any Bellacino's Restaurant for a period of two (2) years after the termination of the Development

Agreement. The Franchisee, the Franchisee's principals and the Personal Guarantors expressly agree that the time and geographical limitations set forth in this provision are reasonable and necessary to protect Franchisor and Franchisor's franchisees if this Agreement expires or is terminated by either party for any reason, and that this covenant not to compete is necessary to permit Franchisor the opportunity to resell and/or develop new Bellacino's Restaurants in or near the Franchised Area.

**10.4 INJUNCTIVE RELIEF.** The Franchisee, the Franchisee's principals and the Personal Guarantors agree that the provisions of this ARTICLE are necessary to protect the legitimate business interests of Franchisor and Franchisor's franchisees including, without limitation, preventing the unauthorized dissemination of marketing, promotional and other confidential information to competitors of Franchisor and Franchisor's franchisees, protecting Franchisor's trade secrets and the integrity of Franchisor's franchise system, preventing duplication of the Business System by unauthorized third parties, and preventing damage to and/or loss of goodwill associated with the Marks. The Franchisee, the Franchisee's principals and the Personal Guarantors also agree that damages alone cannot adequately compensate Franchisor if there is a violation of this ARTICLE by the Franchisee and that injunctive relief against the Franchisee, the Franchisee's principals and the Personal Guarantors is essential for the protection of Franchisor and Franchisor's franchisees. The Franchisee, the Franchisee's principals and the Personal Guarantors agree therefore, that if Franchisor alleges that the Franchisee, the Franchisee's principals or the Personal Guarantors have breached or violated this ARTICLE, then Franchisor will have the right to petition a court of competent jurisdiction for Guarantors, in addition to all other remedies that may be available to Franchisor. Franchisor will not be required to post a bond or other security in any such injunctive proceeding. In cases where Franchisor is granted ex parte injunctive relief against the Franchisee, the Franchisee's principals or the Personal Guarantors will have the right to petition the Court for a hearing on the merits at the earliest time convenient to the Court.

**10.5 SEVERABILITY.** It is the desire and intent of the parties to this Agreement, including the Franchisee's principals and the Personal Guarantors, that the provisions of this ARTICLE be enforced to the fullest extent permissible under the laws and public policy applied in each jurisdiction in which enforcement is sought. Accordingly, if any part of the ARTICLE is adjudicated to be invalid or unenforceable, then this ARTICLE will be deemed amended to modify or delete that portion thus adjudicated to be invalid or unenforceable, such modification or deletion to apply only with respect to the operation of this ARTICLE and the particular jurisdiction in which such adjudication is made. Further, to the extent any provision of this ARTICLE is deemed unenforceable by virtue of its scope or limitation, the parties to this Agreement, including the Franchisee, the Franchisee's principals and the Personal Guarantors, agree that the scope and limitation provisions will, nevertheless, be enforceable to the fullest extent permissible under the laws and public policies applied in such jurisdiction where enforcement is sought.

## **ARTICLE 11 INDEPENDENT CONTRACTORS; INDEMNIFICATION**

**11.1 INDEPENDENT CONTRACTORS.** Franchisor and the Franchisee are each independent contractors and, as a consequence, there is no employer-employee or principal-agent relationship between Franchisor and Franchisee. The Franchisee will not have the right to, and will not make any agreements, representations or warranties in the name of or on behalf of Franchisor or represent that their relationship is other than that of franchisor and franchisee. Neither Franchisor nor the Franchisee will be obligated by or have any liability to the other under any agreements or representations made by the other to any third parties.

**11.2 INDEMNIFICATION.** Franchisor will not be obligated to any person or entity for any damages arising out of, from, in connection with, or as a result of the Franchisee's negligence or the operation of the Franchisee's Bellacino's Restaurants. Therefore, the Franchisee will indemnify and hold Franchisor harmless against, and will reimburse Franchisor for, all damage for which Franchisor is held liable and for all costs reasonably incurred by Franchisor in the defense of any claim or action brought against Franchisor arising from, in connection with, arising out of, or as a result of the Franchisee's negligence or the operation of the Franchisee's Bellacino's Restaurants including, without limitation, attorney's fees, investigation expenses, court costs, deposition expenses, and travel and living expenses. The Franchisee will indemnify Franchisor, without limitation, for all travel and living expenses. The Franchisee will indemnify Franchisor, without limitation, for all claims arising from: (A) any personal injury, property damage, commercial loss or environmental contamination resulting from any act or omission of the Franchisee or its employees, agents or representatives; (B) any failure on the part of the Franchisee to comply with any requirement of any governmental authority; (C) any failure of the Franchisee to pay any of its obligations; or (D) any failure of the Franchisee to comply with any requirement or condition of this Agreement or any other agreement with Franchisor or

any affiliate of Franchisor. Franchisor will have the right to defend any claim made against it arising as a result of, in connection with or from the Franchisee's negligence or the operation of the Franchisee's Bellacino's Restaurants. In addition, the Franchisee will pay all costs and expenses incurred by Franchisor in enforcing any term, condition or provision of this Agreement or in seeking to enjoin any violation of this Agreement by the Franchisee, including attorneys' fees actually incurred by Franchisor.

**11.3 PAYMENT OF COSTS AND EXPENSES.** The Franchisee will pay the attorney's fees, costs and expenses incurred by Franchisor in enforcing any term, condition or provision of this Agreement or enjoining any violation of this Agreement by the Franchisee. In any action brought pursuant to this Agreement where Franchisor prevails against the Franchisee, the Franchisee will indemnify Franchisor for all costs that it incurs in any lawsuit or proceeding under this Agreement including, without limitation, attorney's fees, expert witness fees, costs of investigation, court costs, litigation expenses, travel and living expenses, and all other costs incurred by Franchisor.

**11.4 CONTINUATION OF OBLIGATIONS.** The indemnification and other obligations contained herein will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

## **ARTICLE 12 NOTICES**

All notices to Franchisor will be in writing and will be made by personal service upon an officer or director of Franchisor or sent by prepaid registered or certified mail addressed to Franchisor at 10096 Shaver Road, Portage, Michigan 49024, or such other address as Franchisor may designate in writing, with a copy to Franchisor's general counsel, Keith L. McEvoy, Parmenter O'Toole PLC, 601 Terrace Street, Muskegon, Michigan 49440. All notices to the Franchisee will be by personal service upon the Franchisee (or, if applicable an officer or director of the Franchisee) or sent by prepaid registered or certified mail addressed to the Franchisee at the first Bellacino's Restaurant opened by the Franchisee in the Franchised Area, or such other address as the Franchisee may designate in writing. For the purposes of this Agreement, personal service will include service by a recognized overnight delivery service (such as Federal Express or UPS), which requires a written receipt of delivery from the addressee.

## **ARTICLE 13 ENFORCEMENT**

**13.1 INJUNCTIVE RELIEF.** Franchisor will have the right to petition a Court of competent jurisdiction for the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to: (A) the Franchisee's improper or unauthorized use of the Marks and the Business System; (B) the obligations of the Franchisee upon termination or expiration of this Agreement; (C) the assignment, transfer or sale of this Agreement; (D) the Franchisee's violation of the provisions of this Agreement relating to confidentiality and covenants not to compete; and (E) any act or omission by the Franchisee or the Franchisee's employees that (1) constitutes a violation of any applicable law, ordinance or regulation, (2) is dishonest or misleading to guests or customers of the Franchisee's Bellacino's Restaurants or other Bellacino's Restaurants, (3) constitutes a danger to the employees, public, guests or customers of the Franchisee's Bellacino's Restaurants, or (4) may impair the goodwill associated with the Marks and the Business System. In any action brought under this provision where Franchisor prevails against the Franchisee, the Franchisee will indemnify Franchisor for all costs that it incurs in any such proceedings including, without limitation, attorneys' fees, expert witness fees, costs of investigation, court costs, travel and living expenses, and all other costs incurred by Franchisor. Franchisor will be entitled to seek injunctive relief against the Franchisee under this ARTICLE without the posting of any bond or security.

**13.2 SEVERABILITY.** All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable law or rule of any jurisdiction requires a greater prior notice of termination of this Agreement than is required hereunder or the taking of some other action not required hereunder, or if under any applicable and binding laws of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by Franchisor is invalid or unenforceable, the prior notice or other action required by such law or rule will be substituted for the notice requirements hereof, or such invalid or unenforceable provision, specification, standard or operating procedure will be modified to the extent required to be valid and enforceable. Such modifications to this Agreement will be effective only in such jurisdiction and will be enforced as originally made and entered into in all other jurisdictions.

**13.3 WAIVER.** Franchisor and the Franchisee may, by written instrument signed by Franchisor and the Franchisee, waive any obligation of or restriction upon the other under this Agreement. Acceptance by Franchisor of any payment by the Franchisee and the failure, refusal or neglect of Franchisor to exercise any right under this Agreement or to insist upon full compliance by the Franchisee of its obligations hereunder will not constitute a waiver by Franchisor of any provision of this Agreement. Franchisor will have the right to waive obligations or restrictions for other franchisees under their Franchise Agreements or Development Agreements without waiving those obligations or restrictions for the Franchisee and, except to the extent provided by law, Franchisor will have the right to negotiate terms and conditions, grant concessions and waive obligations for other franchisees of Franchisor without granting those same rights to the Franchisee and without incurring any liability to the Franchisee whatsoever.

**13.4 NO RIGHT TO OFFSET.** The Franchisee will not, on grounds of the alleged nonperformance by Franchisor of any of its obligations under this Agreement, any other contract between Franchisor and the Franchisee, or for any other reason, withhold payment of any amounts due Franchisor under this Agreement or any other contract, promissory note or other obligation payable by the Franchisee to Franchisor. The Franchisee will not have the right to "offset" or withhold any liquidated or unliquidated amounts allegedly due to the Franchisee from Franchisor against any payments due to Franchisor under this Agreement or any other contract, promissory note or other obligation payable by the Franchisee to Franchisor.

**13.5 BELLACINO'S RIGHTS CUMULATIVE.** The rights of Franchisor hereunder are cumulative and no exercise or enforcement by Franchisor of any right or remedy hereunder will preclude the exercise or enforcement by Franchisor of any other right or remedy hereunder or which Franchisor is entitled by law to enforce.

**13.6 VENUE AND JURISDICTION.** All litigation, court proceedings, lawsuits, court hearings or other hearings initiated by either the Franchisee or Franchisor will be venued in Branch County, Michigan. The Franchisee, each of its officers, directors and shareholders and the Personal Guarantors do hereby agree and submit to personal jurisdiction in the State of Michigan for the purposes of any suit, proceedings or hearing brought to enforce or construe the terms of this Agreement or to resolve any dispute or controversy arising under, as a result of, or in connection with this Agreement, the Franchised Area or the Franchisee's Bellacino's Restaurants, and do hereby agree and stipulate that any such suits, proceedings and hearings will be venued and held exclusively in Branch County, Michigan. The Franchisee, each of its officers, directors and shareholders and the Personal Guarantors waive any rights to contest such venue and jurisdiction and any claims that such venue and jurisdiction are invalid.

**13.7 BINDING AGREEMENT.** This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest.

**13.8 JOINT AND SEVERAL LIABILITY.** If the Franchisee consists of more than one person, their liability under this Agreement will be deemed to be joint and several.

**13.9 NO ORAL MODIFICATION.** No modification, change, addition, rescission, release, amendment or waiver of this Agreement and no approval, consent or authorization required by any provisions of this Agreement may be made except by a written agreement subscribed to by duly authorized officers or partners of the Franchisee and the President of Franchisor. The Franchisee and Franchisor will not have the right to amend or modify this Agreement orally or verbally, and any attempt to do so will be void in all respects.

**13.10 ENTIRE AGREEMENT.** This Agreement supersedes and terminates all prior agreements relating to the development rights granted herein to the Franchisee, either oral or in writing, between the parties and therefore, any representations, inducements, promises or agreements between the parties not contained in this Agreement or not in writing signed by Franchisor and the Franchisee will not be enforceable.

Nothing in the Agreements or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

**13.11 CONTROLLING AGREEMENT.** The rights and obligations of the Franchisee and Franchisor with

respect to the operation of each Bellacino's Restaurant opened in the Franchised Area by the Franchisee will be governed by the terms and conditions of each Franchise Agreement executed by the Franchisee. In the event there is a conflict between the terms of this Agreement and the terms of any Franchise Agreement executed by the Franchisee, then unless specified otherwise herein, the terms of this Agreement will control.

**13.12 HEADINGS; TERMS.** The headings of the ARTICLES and the provisions thereof are for convenience only and do not define, limit or construe the contents of such ARTICLES. The term "Franchisee" as used herein is applicable to one or more individuals, a corporation or a partnership, as the case may be, and the singular usage includes the plural, and the masculine usage includes the neuter and the feminine and the neuter usage includes the masculine and the feminine. References to "Franchisee" which are applicable to an individual or individuals will mean the principal owner or owners of the equity or operating control of the Franchisee if the Franchisee is a corporation or partnership.

**13.13 COVENANT OF GOOD FAITH AND FAIR DEALING.** The parties agree that the terms and conditions of this Agreement shall be subject to a covenant of good faith and fair dealing.

#### **ARTICLE 14 ACKNOWLEDGMENTS; DISCLAIMER**

**14.1 DISCLAIMER BY BELLACINO'S.** Franchisor does not warrant or guarantee to the Franchisee that the Franchisee will derive income or profit from the Bellacino's Restaurants, or that Franchisor will refund all or part of the Territory Fee, the Initial Fees or the price paid for the Franchisee's Bellacino's Restaurants, or repurchase any of the supplies, products, technology or equipment supplied or sold by Franchisor or an approved supplier if the Franchisee is unsatisfied with its Restaurants. Franchisor expressly disclaims the making of any express or implied representations or warranties regarding the sales, earnings, income, profits, Net Revenues, business or financial success, or value of the Franchisee's Restaurants except as stated in the Bellacino's Franchise Disclosure Document received by the Franchisee.

**14.2 ACKNOWLEDGMENTS BY FRANCHISEE.** The Franchisee acknowledges that it has conducted an independent investigation of the Bellacino's Restaurants and recognizes that the business venture contemplated by this Agreement involves business and economic risks. The Franchisee acknowledges that the financial, business and economic success of the Franchisee's Bellacino's Restaurants will be primarily dependent upon the personal efforts of the Franchisee, its management and its employees, and on economic conditions in the Franchised Area and economic conditions in general. The Franchisee acknowledges that it has not received any estimates, projections, representations, warranties or guaranties, expressed or implied, regarding potential sales, Net Revenues, income, profits, earnings, expenses, financial or business success, value of the Restaurants, or other economic matters pertaining to the Franchisees' Restaurants from Franchisor or any of its agents that were not expressly set forth in Franchisor's Franchise Disclosure Document received by the Franchisee (hereinafter referred to in this provision as "Representations"). The Franchisee further acknowledges that if it had received any such Representations, it would not have executed this Agreement, and that it would have promptly notified the President of Franchisor in writing of the person or persons making such Representations, and provided to Franchisor a specific written statement detailing the Representations made.

**14.3 OTHER AREA FRANCHISEES.** The Franchisee acknowledges that other area franchisees of Franchisor have or will be granted area franchises at different times, different locations, under different economics and in different situations, and further acknowledges that the economics and terms and conditions of such area franchises may vary substantially in form and in substance from those contained in this Agreement.

**14.5 RECEIPT OF AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT.** The Franchisee acknowledges that it received a copy of this Agreement with all material blanks fully completed at least five (5) business days prior to the date that this Agreement was executed by the Franchisee. The Franchisee further acknowledges that it has received a copy of Franchisor's Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which this Agreement was executed.

**14.6 POTENTIAL INCREASES IN INVESTMENT REQUIREMENTS.** The Franchisee recognizes and acknowledges that this Agreement requires it to open additional Bellacino's Restaurants in the future pursuant to the Development Schedule set forth in ARTICLE 4. The Franchisee further acknowledges that the estimated expenses

and investment requirements set forth in Franchisor's Franchise Disclosure Document are subject to increase over time, and that future Bellacino's Restaurants developed by the Franchisee may involve greater initial investment and operating capital requirements than those stated in the Franchise Disclosure Document provided to the Franchisee prior to the execution of this Agreement.

#### **ARTICLE 15 FRANCHISEE'S LEGAL COUNSEL**

The Franchisee acknowledges that this Agreement constitutes a legal document, which grants certain rights to and imposes certain obligations upon the Franchisee. The Franchisee has been advised by Franchisor to retain an attorney or advisor prior to the execution of this Agreement to review Franchisor's Franchise Disclosure Document, to review this Agreement in detail, to review all legal documents, to review the economics, operations and other business aspects of the Restaurant, to determine compliance with franchising and other applicable laws, and to advise the Franchisee regarding its economic risks, liabilities, obligations and rights under this Agreement and to advise the Franchisee on tax issues, financing matters, applicable state and federal laws, health and safety laws, environmental laws, employee issues, insurance, structure of the Restaurant business, and other business matters. The name of the Franchisee's attorney or other advisor is identified in the Development Summary as "Attorney or Advisor".

#### **ARTICLE 16 GOVERNING LAW; STATE MODIFICATIONS**

**16.1 GOVERNING LAW.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.), this Agreement and the relationship between Franchisor and the Franchisee will be governed by the laws of the State of Michigan. However, if the Franchised Area is located in the state of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Oregon, Rhode Island, South Dakota, Virginia, Washington or Wisconsin, then this Agreement and the relationship of the parties will be governed by the laws of that state, unless the Franchised Area contains more than one of the states listed above, in which case the laws of the state in which the Franchisee's principal place of business is located will govern. The provisions of this Agreement which conflict with or are inconsistent with applicable governing law will be superseded and/or modified by such applicable law only to the extent such provisions are inconsistent. All other provisions of this Agreement will be enforceable as originally made and entered into upon the execution of this Agreement by the Franchisee and Franchisor.

**16.2 STATE MODIFICATIONS.** If applicable, the following states have statutes which may supersede the provisions of this Agreement in the Franchisee's relationship with Franchisor in the areas of termination and nonrenewal of franchises: **ARKANSAS** [Stat. Section 70-807], **CALIFORNIA** [Bus. & Prof. Code Sections 20000-20043], **CONNECTICUT** [Gen. Stat. Section 42-133e, et. seq.], **DELAWARE** [Code Section 2552], **HAWAII** [Rev. Stat. Section 482E-1], **ILLINOIS** [815 ILCS Sections 705/19 and 705/20], **INDIANA** [Stat. Section 23-2-2.7], **IOWA** [Code Sec. 523H.1-17], **MICHIGAN** [Stat. Section 19.854(27)], **MINNESOTA** [Stat. Section 80C.14], **MISSISSIPPI** [Code Section 75-24-51], **MISSOURI** [Stat. Section 407.400], **NEBRASKA** [Rev. Stat. Section 87-401], **NEW JERSEY** [Stat. Section 56:10-1], **NORTH DAKOTA** [North Dakota Century Code, Section 9-08-06; and sections 51-19-01 - 51-19-17], **RHODE ISLAND** [Gen. Laws Section 19-28.1-14], **WASHINGTON** [Code section 19.100.180] (Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer); **WISCONSIN** [Stat. Section 135.03]. These and other states may have court decisions, which may supersede the provisions of this Agreement in the Franchisee's relationship with Bellacino's and Area Developer in the areas of termination and renewal of the Franchise.

#### **ARTICLE 17 DEFINITIONS**

For purposes of this Agreement, the following words will have the following definitions:

**17.1 ABANDON.** "Abandon" will mean the conduct of the Franchisee, including acts of omission as well as commission, indicating the willingness, desire or intent of the Franchisee to discontinue the development and operation of the Bellacino's Restaurants in the Franchised Area in accordance with the terms of this Agreement.

**17.2 BUSINESS SYSTEM.** "Business System" will mean the distinctive foods, beverages, products and services that are associated with Franchisor's trademarks, trade names, service marks, copyrights, distinctive interior and exterior building designs, decor, furnishings, menus, uniforms, slogans, signs, logos, commercial symbols and color

combinations. "Business System" will include all of the uniformity requirements, standards of consistency and quality, procedures, specifications, training, advertising, and instructions promulgated by Franchisor.

**17.3 MARKS.** "Marks" will include the name Bellacino's and other such trademarks, trade names, service marks, logos and commercial symbols as Franchisor has or may develop for use in connection with the Bellacino's Restaurants opened in conformity with the Business System, including Franchisor's uniformity requirements and quality standards.

**17.4 MANAGER.** "Manager" or "Managers" will mean the individuals responsible for the overall management of the Franchisee's Bellacino's Restaurants including, but not limited to, administration, basic operations, marketing, customer and community relations, record-keeping, floor coverage, employee staffing and training, inventory control, hiring and firing, food preparation and maintenance of the Restaurants.

**17.5 PRINCIPAL.** "Principal" will mean any individual or entity that owns shares of stock, membership interests or partnership interests in the Franchisee, if the Franchisee is a corporation, limited liability company or partnership.

**17.6 DOLLARS.** "Dollars" will mean United States of America Dollars.

**IN WITNESS WHEREOF,** Franchisor, the Franchisee and the Franchisee's principals have respectively signed and sealed this Agreement effective as of the day and year first above written.

WITNESSES:

**"Franchisor":**  
Bellacino's, Inc., a Michigan corporation

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
By: Kim Losik  
Its Vice President

**"Franchisee":**

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_

The undersigned principals of the Franchisee hereby agree to be bound by the terms and conditions of this Agreement.

**Principals:**

\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT D-2**  
**TO AREA DEVELOPMENT AGREEMENT**  
**SAMPLE OF**  
**GENERAL RELEASE**

In consideration of, and as an inducement to, the transfer of that certain Area Development Agreement, and any revisions, modifications and amendments thereto, thereafter collectively the "Agreement") dated \_\_\_\_\_, 20\_\_\_\_, by and between Bellacino's Pizza and Grinders Restaurant, a Michigan corporation, (hereinafter the "Franchisor") and (hereinafter the "Area Developer"), the undersigned agrees as follows:

To release Franchisor and its subsidiaries and affiliates, and their respective officers, directors, agents and employees of any and all claims Area Developer may have against Franchisor, its subsidiaries and affiliates, and their respective officers, directors, agents and employees.

Area Developer intends desires to transfer the Area Development Agreement and all of its rights with Franchisor to the following: \_\_\_\_\_ (New Area Developer)

This release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Agreement on the day and year first above written.

ATTEST:  
Inc.

\_\_\_\_\_  
Secretary

WITNESS:

\_\_\_\_\_

FRANCHISOR: Bellacino's Pizza and Grinders Restaurant,

By: \_\_\_\_\_

Title: \_\_\_\_\_

AREA DEVELOPER:

By: \_\_\_\_\_

**EXHIBIT E**  
**Operating Manual**

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Index	Pages 15--1-8
<b>TOTAL PAGES</b>	<b>299</b>

**EXHIBIT F**

**STATE SPECIFIC ADDENDA**

**No State Specific Addenda is required by your state of business.**

EXHIBIT G  
BELLACINO'S LOGOS

***Bellacino's***<sup>®</sup>  
***Pizza & Grinders***



## STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

<b>STATE</b>	<b>EFFECTIVE DATE</b> (as of most recent renewal filing)	<b>ANNIVERSARY DATE</b>
California		
Hawaii		
<b>Illinois</b>		
<b>Indiana</b>		
Maryland		
<b>Michigan</b>	10.17.24	10.1.25
<b>Minnesota</b>		
New York		
North Dakota		
Rhode Island		
South Dakota		
<b>Virginia</b>		
Washington		
<b>Wisconsin</b>		

In all the other states, the effective date of this Franchise Disclosure Document is the issuance date of March 28, 2025.

**RECEIPT (Your Copy)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Bellacino’s offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan, Oregon, Washington and Wisconsin require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Bellacino’s does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The Franchisor is Bellacino’s, Inc., located at 10096 Shaver Road, Portage, Michigan 49024. Its telephone number is (877) 379-0700.

Issuance Date: March 28, 2025

The franchise seller for this offering is: Dan Warnaar and Matt Losik at Bellacino’s, Inc., at 10096 Shaver Road, Portage, Michigan 49024. Telephone: (877) 379-0700

Bellacino’s authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I have received a disclosure document dated March 28, 2025, that included the following Exhibits:

- |     |  |   |                                    |
|-----|--|---|------------------------------------|
| A   | State Agencies/Agents for Service of Process | E | Operating Manual Table of Contents |
| B-1 | List of Franchisees                          | F | State Addenda and Agreement Riders |
| B-2 | List of Franchisees Who Have Left the System | G | Copies of Logo’s and Trademarks    |
| C   | Financial Statements and Auditor's Report    |   |                                    |
| D   | Standard Franchise Agreement                 |   | Receipt Pages 1 & 2                |
| D-1 | Development Agreement                        |   |                                    |

Please sign and print your name below, date and return one copy of this receipt to Bellacino’s, Inc. and keep the other for your records.

Date: \_\_\_\_\_  
(Do not leave blank)

\_\_\_\_\_  
Signature of Prospective Franchisee

\_\_\_\_\_  
Print Name

You should return one copy of the signed receipt either by signing, dating, and mailing it to Bellacino’s, Inc., at 10096 Shaver Road, Portage, Michigan 49024. Electronic Disclosures will send this Receipt Page when signed in DocuSign

**RECEIPT (Our Copy)**

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