

## FRANCHISE DISCLOSURE DOCUMENT



Bakers of Superior Quality \* Hard Dough  
Bread \* Buns \* Patties \* Etc.

GOLDEN KRUST FRANCHISING, INC.  
A New York Corporation  
d/b/a Golden Krust Caribbean Restaurant  
399 Knollwood Road, Suite 115  
White Plains, NY 10603  
914-228-5965  
omar@goldenkrust.com  
www.goldenkrust.com

As a franchisee, you will operate a Caribbean-style restaurant offering and serving a variety of Caribbean meals, featuring Jamaican patties, jerk chicken and bakery products.

The total estimated initial investment necessary to begin operations of a Traditional Golden Krust Caribbean Restaurant ranges from \$212,600 to \$775,900. This includes \$42,500 to \$44,500 that must be paid to us or our affiliates.

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, us or our affiliate in connection with the proposed franchise sale. **Note however, that no governmental 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 availability of disclosures in different formats, contact our Franchise Department at 399 Knollwood Road, Suite 115, White Plains, NY 10603 (914) 228-5965, Telephone: (914) 228-5965, or at [information@goldenkrust.com](mailto:information@goldenkrust.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, D.C. 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: August 13, 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:

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	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 G.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Golden Krust business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be Golden Krust franchisee?</b>	Item 20 or Exhibit G lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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 D.

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. See the Table of Contents for the location of the State Specific Addenda.

## 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 New York. 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 New York than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Mandatory Minimum Payments.** You must make minimum royalty and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Financial Condition.** The Franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the Franchisor's ability to provide services and support to you.

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.

## TABLE OF CONTENTS

	<u>Page</u>
ITEM 1. THE FRANCHISOR, PARENTS, PREDECESSORS, AND AFFILIATES .....	1
ITEM 2. BUSINESS EXPERIENCE .....	3
ITEM 3. LITIGATION .....	4
ITEM 4. BANKRUPTCY .....	6
ITEM 5. INITIAL FEES .....	6
ITEM 6. OTHER FEES .....	6
ITEM 7. ESTIMATED INITIAL INVESTMENT .....	8
ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	10
ITEM 9. FRANCHISEE'S OBLIGATIONS.....	12
ITEM 10. FINANCING .....	13
ITEM 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, OPERATIONS MANUAL, WEBSITE, AND TRAINING.....	13
ITEM 12. TERRITORY.....	18
ITEM 13. TRADEMARKS .....	18
ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION.....	20
ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS .....	21
ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL .....	21
ITEM 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION .....	22
ITEM 18. PUBLIC FIGURES .....	24
ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS .....	24
ITEM 20. LIST OF OUTLETS AND FRANCHISE INFORMATION .....	26
ITEM 21. FINANCIAL STATEMENTS.....	29
ITEM 22. CONTRACTS .....	29
ITEM 23. RECEIPT .....	29

### EXHIBITS

- A. Financial Statements
- B. Franchise Agreement
- C. State-Specific Addenda to FDD and Franchise Agreement
- D. List of State Administrators and Agents for Service of Process
- E. Form Lease Rider
- F. Table of Contents of Brand Standards Manual
- G. List of Franchised Locations, Former Franchisees and Agreements Signed But Not Yet Open
- H. Release
- I. Receipt

## **ITEM 1. THE FRANCHISOR, PARENTS, PREDECESSORS, AND AFFILIATES**

For ease in comprehension of this Franchise Disclosure Document (“Disclosure Document”), the following definitions will apply: “We” or “Our” or “Us” or “Golden Krust” refers to the Franchisor, Golden Krust Franchising, Inc. “You” and “Your” refers to the franchisee, whether a person or legal entity, purchasing the franchise, including, if any, such legal entities owners, partners, members, controlling shareholders, and guarantors.

### **THE FRANCHISOR**

Golden Krust Franchising, Inc., is a New York corporation, incorporated on August 8, 1995, and currently maintains its principal business address at 399 Knollwood Rd, Suite 115, White Plains, NY 10603. We conduct business under the name “Golden Krust Caribbean Restaurant”, “Golden Krust Caribbean Bakery & Grill”, and “Golden Krust”. We do not conduct business under any other name and we have not offered franchises in any other line of business. Our agents for service of process are disclosed in Exhibit D.

Golden Krust began offering franchises for traditional restaurants initially under the name “Golden Krust Patties” in 1996. We do not operate businesses of the type being franchised. As of December 31, 2024, there were 101 franchised traditional Golden Krust Restaurants and 2 affiliate operated traditional Golden Krust Restaurants.

We have not offered franchises in other lines of business and we have not engaged in any business activities other than those described above.

### **PARENTS, PREDECESSORS, AND AFFILIATES**

Our affiliate, Golden Krust Caribbean Bakery, Inc. maintains its principal business at 399 Knollwood Rd, Suite 115, White Plains, NY 10603. Golden Krust Caribbean Bakery, Inc., produces Jamaican patties and other Caribbean food products for distribution to Golden Krust’s franchisees and other non-franchise customers including grocery stores, supermarkets, club stores, gas stations, convenience stores and institutional users such as schools and prisons. Golden Krust Caribbean Bakery, Inc. has not engaged in any business activities other than those described above, and it has not offered franchises in any line of business.

Certain members of our board of directors and our shareholders operate companies that distribute products to our franchisees. Due to the common control, these distributors may be deemed to be affiliates of ours. These include Irie Jamaican Bakery and Restaurant, Inc. (“IJBR”), GK Southern Distributors, Inc. (“GK SDI”), and GK NW 7th, Inc. (“GK NW”). IJBR was formed in 2017 and maintains its principal business address in Georgia. IJBR or its owners have operated Golden Krust Caribbean Restaurants since 1990. GK SDI was formed in 2021 and maintains its principal business address in Florida. GK SDI or its owners have operated Golden Krust Caribbean Restaurants since 1996. GK NW was formed in 2013 and maintains its principal business address Florida. GK NW or its owners have operated Golden Krust Caribbean Restaurants since 2013. Neither IJBR, GK SDI, nor GK NW offers franchises in any line of business and, except as noted, they do not conduct any other business.

We have no other affiliates that must be disclosed. We have no predecessors and there are no parent companies.

## **THE FRANCHISE OFFERED**

We grant franchises for the operation of Golden Krust Caribbean Restaurants or Golden Krust Caribbean Bakery and Grill (each a “Traditional Golden Krust Restaurant”), as well as Jerk ‘N Patties Restaurants (each a “Jerk ‘N Patties Restaurant”). Golden Krust Caribbean Restaurants, Golden Krust Caribbean Bakery and Grill, and Jerk ‘N Patties offer and serve a wide variety of Caribbean food products featuring Golden Krust branded Jamaican patties, jerk chicken and bakery products. Most of these products will be offered at the premises of the restaurant, although you may provide catering and delivery services off the premises. These restaurants feature our Golden Krust branded Jamaican patties and jerk chicken, as well as a full-menu of Caribbean meals and bakery goods.

If you buy a franchise from us, you must operate your restaurant according to our business formats, methods, procedures, designs, layouts, standards and specifications, including our approved menu.

## **MARKET AND COMPETITION**

You will be competing with other quick service and fast casual restaurants, full-service restaurants, grocery and specialty stores that offer breads, patties and similar ethnic foods and similar types of businesses. Our Golden Krust food products may be sold in other businesses that are not branded restaurants that compete with you. Your products and services will be offered to the general public. The market for Caribbean cuisine is developed in some areas and developing in other areas, depending on the number of this type of restaurants in the particular area. The ability of each Golden Krust restaurant to compete depends on its location, ingress and egress, signage, parking, quality service, employee attitudes, overhead, changing local market and economic conditions, and many other factors both within and outside your control. You should independently research and review the legal documents of the food service industry, including those pertaining to healthy and fresh offerings, with your own attorney before you sign any binding documents or make any investment, as you are solely responsible for compliance and adherence to the rules, regulations and laws in your area.

## **INDUSTRY-SPECIFIC LAWS**

Certain aspects of any restaurant business are regulated by federal, state and local laws, rules and ordinances in addition to the laws, regulations and ordinances applicable to businesses generally. The U.S. Food and Drug Administration (“FDA”), the U.S. Department of Agriculture, as well as state and local departments of health and other agencies have laws and regulations concerning the preparation of food and sanitary conditions of restaurant facilities. State and local agencies routinely conduct inspections for compliance with these requirements. The FDA and some states and municipalities regulate food labeling, beverage bottling, nutrition, and health claims relating to food products. However, we are not aware of any laws applicable to Golden Krust restaurant that would not apply to restaurant businesses generally.

You will be required to comply with all federal, state and local laws and regulations that generally apply to restaurants. These include the Americans with Disabilities Act; Affordable Care Act, Fair Labor Standards Act; EEOC; OSHA; Gramm-Leach-Bliley Act; The Patriot Act; Federal Truth in Lending and other laws dealing with credit transactions and collections; Digital Millennium Copyright Act; regulations governing MMS, SMS, emails and telemarketing; the payment of license fees; general restaurant rules and regulations; health, sanitation, menu-labeling, no smoking, liquor, discrimination, employment and sexual harassment laws, and any advertising or content-related rules and regulations. You must obtain real estate permits and licenses and operational licenses (including permits to serve alcohol if you plan to serve wine and beer at your Restaurant). It is your responsibility to investigate, satisfy and stay current on all local, state, and federal laws and regulations since they vary from place to place and can change over time. You should consult with your attorney concerning these and other laws and ordinances that may affect your operations.

**ITEM 2. BUSINESS EXPERIENCE**

**Chief Executive Officer, Director: Jacqueline Hawthorne-Robinson**

Jacqueline Hawthorne Robinson currently serves as our Chief Executive Officer, a role she assumed in August 2024. She was elected to our Board of Directors in May 2021 and has also served as the CEO of Park Central/Golden Krust in Atlanta, Georgia since March 2006.

**Chief Administrative Officer: Lorraine Hawthorne-Morrison**

Lorraine Morrison has served as our Chief Administrative Officer since February 2018, and she was elected to our Board of Directors in February 2019 and to the Golden Krust Caribbean Bakery, Inc. Board of Directors in May 2021. Ms. Morrison has been with us since our inception in 1995.

**President, Retail: Haywood Hawthorne**

Haywood Hawthorne has served as President, Retail for Golden Krust Caribbean Bakery, Inc. since February 2018. Mr. Hawthorne has been a member of our Board of Directors since May 2021 and has been a member of the Golden Krust Caribbean Bakery, Inc. Board of Directors since January 2010.

**Executive Director, Franchise Operations: Orlean Lunan-Dowe**

Orlean Lunan-Dowe has served as our Executive Director of Franchise Operations since May 2021. She was Director of Franchise Training and Development from January 2018 to May 2021.

**Director, Franchise Development: Omar Hawthorne**

Omar Hawthorne has served as our Director of Franchise Development since June 2014.

**Vice President, Marketing: Steven Clarke**

Steven Clarke has served as our Vice President, Marketing since July 2023. He was our Director of Marketing and Public Relations from May 2017 to June 2023..

**Member, Board of Directors: Scott Krim**

Scott Krim was elected to our Board of Directors in February 2001. He has been employed as the President of Krim Associates in Paramus, New Jersey since April 1990.

**Member, Board of Directors: Victor Petenkemani**

Victor Petenkemani was elected to our Board of Directors in September 2020. He has been employed as the Dean, School of Business of Mercy University in Dobbs Ferry, New York since July 2024. He was Assistant Professor of Mercy University in Dobbs Ferry, New York since September 2018.

**Member, Board of Directors: Robert Pritchard**

Robert Pritchard was elected to our Board of Directors in May 2021. He has been employed as the President of Pritchard, Bieler, Gruver & Willison, P.C. in Colmar, Pennsylvania since November 1996.

**Member, Board of Directors: Marc Freeman**

Marc Freeman has served on our Board of Directors since January 2010. He has served as the President of Grand View Anesthesia Associates in Sellersville, Pennsylvania since December 2005.

**Member, Board of Directors: Eric Wendel Lee, Senior**

Eric Lee has served on our Board of Directors since May 2023. He has served as Pastor of Springfield Baptist Church in Conyers, Georgia since May 1999. He has also served as co-founder of the Springfield Christian Academy in Conyers, Georgia since May 2002.

**ITEM 3. LITIGATION**

*Golden Krust Franchising, Inc. v. Keith Clayborne – Arbitration Nos. 01-18-0004-2768; 01-18-0004-2770.* On December 13, 2018, we filed a Demand for Arbitration against former franchisees Keith Clayborne, Bernadette Clayborne, 7 “K” Corp., Golden Krust #6, LLC, and Golden Krust #7, LLC, (collectively “Respondents”) alleging that Respondents sold competitor product at their franchised locations, improperly continued operating Golden Krust franchises after their franchise agreements expired or were terminated, and failed to observe the post-termination obligations required by their franchise agreements. We further alleged that Respondents sold their assets and interests in the terminated franchise agreements to Hallenberg Investments, LLC (“Hallenberg Investments”), which operated KoKoNuts Island Eatery restaurants, which sold Jamaican and Caribbean cuisine in direct competition with our franchisees and in violation of the non-competition covenants contained in the franchise agreements. By way of a preliminary ruling issued on December 23, 2019, the arbitrator found Respondents liable for all of our claims, and we were awarded \$393,746.00 in compensatory damages. Additionally, by way of a final award issued March 18, 2020, we were awarded \$304,419.79 for attorneys’ fees and other costs, and \$12,459.05 in arbitration costs.

*Auctus Restaurant Group, Inc. and Klayrock, LLC v. Golden Krust Franchising Inc., Golden Krust Franchising Inc. v. Klayrock, LLC and Kishon Clayborne,* Case No. 01-19-0002-5197 (American Arbitration Association (“AAA”). On August 12, 2019, Auctus Restaurant Group, Inc. (“Auctus”) and Klayrock, LLC (“Klayrock” and together with Auctus, “Franchisees”) filed a demand for arbitration against us alleging breach of their franchise agreements, breach of the implied covenant of good faith and fair dealing, tortious interference, and violations of the Florida Franchise Act, the Florida Deceptive and Unfair Trade Practice Act (“FDUTPA”), and federal antitrust laws. Franchisees’ claims arose out of allegedly unfair and discriminatory practices concerning our charges for royalties and advertising fees, our pricing and the quality of products we sold to Franchisees, and our credit terms, as well as out of our alleged interference with Auctus’s sale of its franchised restaurant and our oversaturation of the South Florida market. We filed a counterclaim against Klayrock for breach of its franchise agreement and against Klayrock’s principal, Clayborne, for indemnification.

After a hearing in May and June 2020, on July 23, 2020, the arbitrator issued a preliminary ruling finding that we had breached the franchise agreements and violated the FDUTPA by charging lower royalty and advertising fund fees to certain of our franchisees and had violated FDUTPA by charging lower prices for goods sold to certain franchisees than Franchisees were charged by our approved distributor. The arbitrator dismissed all of Franchisee’s remaining claims and dismissed our claims against Klayrock and Clayborne.

In the preliminary ruling, the arbitrator awarded Franchisees \$623,090 in lost profits as damages. We moved to correct the award as computed improperly; the arbitrator denied that motion. On September 1, 2020, the arbitrator issued a final award, awarding Franchisees \$666,617.16 in damages and interest, \$899,184.17 in attorneys' fees and costs, and \$35,600 to cover amounts Franchisee's had paid to AAA in connection with the arbitration. On September 8, 2020, we filed an action in the Southern District of New York (*Golden Krust Franchising, Inc. v. Actus Restaurant Group, Inc. and Klayrock, LLC*, Case No. 20-CV-7321 (KMK)) to vacate the award; Franchisees counter-petitioned to have the award confirmed. On October 26, 2021, the court denied our petition to vacate the award and entered an order confirming the award. Subsequent to the court's order, we entered into a settlement agreement dated November 24, 2021, pursuant to which we paid Klayrock and Clayborne \$1,950,000 in installments as payment in full for the award and the parties exchanged mutual releases. On April 28, 2022, a Satisfaction of Judgment was filed.

*Keith A. Clayborne v. Golden Krust Franchising, Inc.*, Case No.: 01-22-0004-5853 (American Arbitration Association) and Case No. 22-62018-CIV-DIMITROULEAS (United States District Court for the Southern District of Florida). A former franchisee ("Clayborne"), whose six franchise agreements were terminated in October 2018 as a result of material defaults by him and the franchisee entities owned by him, filed a demand for arbitration against us on October 30, 2022 (the "Arbitration") and the accompanying lawsuit against us on the same date (the "Litigation"). (Our prior arbitration with Clayborne, in which we the arbitrator ruled that we had properly terminated Clayborne's franchise agreements and awarding us \$758,633.89 against him, is described above.) In the Arbitration, Clayborne alleges that we breached the franchise agreements and the implied covenant of good faith and fair dealing, tortiously interfered with prospective business with customers of his former franchised restaurants, violated the Florida Deceptive and Unfair Trade Practice Act and federal antitrust laws, and fraudulent induced him to enter into the franchise agreements. Clayborne's claims in the Arbitration arose out of allegedly unfair and discriminatory practices concerning our charges for royalties and advertising fees and the pricing of required products that Clayborne's former restaurants purchased from suppliers of our proprietary products. Clayborne has sought an unspecified amount of damages. We filed our answering statement on November 23, 2022, denying Clayborne's allegations and denying that he is entitled to any of the requested relief. The parties agreed, and the arbitrator ordered, that the proceeding be split into two separate hearings. In the first hearing, we presented evidence and argument in support of our defenses that (1) Clayborne's claims against us are barred by *res judicata* because they could have been litigated in the prior arbitration and (2) that Clayborne's claims are time barred because he did not assert them within the time permitted by law to raise such claims after they accrue. The hearing on these issues was held on April 23-25, 2024. The arbitrator issued an interim award resolving the issues presented in the first hearing on September 17, 2024. In the interim award, the arbitrator rejected the our claim preclusion defense but ruled that (a) Clayborne's claims for tortious interference and price discrimination were barred in their entirety by applicable statutes of limitation; (b) Clayborne's breach of contract and of the implied covenant of good faith and fair dealing claims were barred except to the extent those claims were based on alleged breaches between October 31, 2017 and October 25, 2018; and (c) that Clayborne's claims for fraudulent inducement were time-barred for 5 of his 6 former restaurants but that he could pursue a claim for fraudulent inducement as to his former restaurant in Tamarac, Florida.

Separately, in the Litigation, Clayborne sought (1) a declaration that the requirement to arbitrate in his former franchise agreements was void and (2) rescission of the franchise agreements (and accompanying arbitration provisions) based on alleged fraudulent inducement. On January 9, 2023, we moved to dismiss the Litigation due to Clayborne's obligation to arbitrate under the franchise agreements. Our motion was granted in part and denied in part on February 27, 2023, with the Court agreeing that Clayborne is required to arbitrate all of his claims, but staying the case pending arbitration rather than dismissing it outright.

Subsequent to the arbitrator issuing the interim award on the issues litigated in the first stage hearing, the parties agreed to mediate Clayborne's remaining claims and as a result of that mediation, reached an

agreement to resolve this matter and the outstanding judgment in favor of Golden Krust from the prior arbitration between the parties. The parties entered into a formal, written settlement agreement on July 14, 2025, in which Clayborne agreed to dismiss his remaining claims with prejudice (and, along with his entities and family members) release Golden Krust from all future claims. In exchange, Golden Krust agreed to deem the prior judgment against Clayborne satisfied, agreed to pay Clayborne \$10,000 upon execution of the Settlement Agreement, and agreed to make a monthly payment of \$10,000 to Clayborne over a period of forty-eight months. As a result of the settlement, the parties filed stipulations dismissing with prejudice the arbitration and the litigation on July 18, 2025.

Other than these actions, no litigation is required to be disclosed in this Item.

**ITEM 4. BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**ITEM 5. INITIAL FEES**

**Initial Franchise Fee**

You must pay the initial franchise fee (the “Initial Franchise Fee”) of \$40,000 when you sign the Franchise Agreement.

**Opening Inventory**

You will be required to purchase adequate opening inventory (i.e., food products and seasoning) from our affiliate Golden Krust Caribbean Bakery, Inc. in the approximate amount of \$2,500 to \$4,500. Payment for the opening inventory is due as required by the distributor.

\*\*\*\*\*

We may reduce or waive the initial franchise fee for certain franchisees including, but not limited to, employees of ours or of our related entities and for family members (and their heirs) who are shareholders of ours or of our related entities. Except as stated, the fees described in this Item are uniformly imposed, payable in lump-sum, deemed fully earned when paid, and are non-refundable under any and all circumstances. During our last fiscal year, franchisees paid between \$35,000 to \$40,000 for the initial franchise fee.

**ITEM 6. OTHER FEES**

<b>Type of Fee<sup>1</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty	5% of Gross Sales <sup>2</sup> or \$250 weekly, whichever is greater	Payable weekly by our sweep via EFT	See Note 2 for the definition of “Gross Sales.”  Gross Sales are reported on the 3 <sup>rd</sup> business day of the month, but we reserve the right to change this.
National Advertising Fund	1.5% of Gross Sales	Payable weekly by our sweep via EFT	An additional 1% of annual Gross Sales must be spent on local store marketing initiatives.

<b>Type of Fee<sup>1</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Transfer fee	\$10,000	Prior to consummation of transfer	Payable when the Franchise Agreement or a controlling interest in you is transferred.
Renewal Fee	\$25,000	Upon signing successor Franchise Agreement	
Reimbursement for Audit	Cost of inspection or audit (includes charges by attorneys and accountants, travel expenses, room and board, compensation)	15 days after billing	Payable only if you fail to furnish reports, supporting records or other required information or if you understated Gross Sales by 2% or more
Interest	Lesser of 1.5% per month or highest rate of interest allowed by law	15 days after billing	Payable on all overdue amounts
Brand Standards Manual Replacement Fee	Then-current fee, currently, \$300 per replacement	15 days after billing	Cost of replacement copy
Management Fee	Then-current fee, currently, \$250 per day	As agreed	Payable during period that our appointed manager manages the Restaurant upon your death or disability or abandonment
Enforcement Expenses	Reasonable cost for our attorneys' fees and expenses	As incurred	Payable upon your failure to comply with the Franchise Agreement
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we incur any expense, including attorneys' fees and other costs, or are held liable for claims arising out of the operation of your Restaurant
Supplier Testing	Then-current fee, currently, \$500-\$2,000	15 days after billing	This covers the costs of testing new products or inspecting new suppliers you propose
Relocation Expenses	Our reasonable costs and expenses	15 days after billing	If we consent to relocating your Restaurant, these amounts are due.
Purchases of Food Product Seasonings	\$2,500 -\$4,500	7 days after receipt	You will be required to purchase adequate opening inventory (i.e., food products and seasoning) from our affiliate Golden Krust Caribbean Bakery, Inc. Payment terms are as required by the distributor.

NOTE 1: We may reduce or waive (and we have reduced and waived) the fees noted above for certain franchisees including but not limited to, employees of ours or of our related entities and for family members (and their heirs) who are shareholders of ours or of our related entities. Except as stated, all fees and expenses described in this Item are non-refundable and, unless otherwise indicated, are imposed uniformly by, and are payable to, us. Unless we have noted differently, we may increase these amounts based upon changes in market conditions, our cost of providing services and future policy changes, but we have no present plans to increase any fees. Fees are paid using EFT or other means we require.

NOTE 2: “Gross Sales” means the aggregate amount of all revenues generated from the sale of all products and services sold and all other income of every kind related to the Restaurant, whether for cash or credit (and regardless of collection in the case of credit), whether from sales on the Premises, by delivery, from catering, or other sales methods (whether the sales method is permitted or not). You may not reduce Gross Sales by the amount of any discounts provided to employees, family members and other businesses that you control. Gross Sales do not include sales taxes or other taxes collected from guests for transmittal to the appropriate taxing authority, proceeds from the sale of gift cards or stored value cards, and guest refunds made in good faith.

**ITEM 7. ESTIMATED INITIAL INVESTMENT**

<b>YOUR ESTIMATED INITIAL INVESTMENT</b>				
<b>Golden Krust Caribbean Restaurant (Traditional Restaurant) or Jerk ‘N Patties Restaurant</b>				
<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is To Be Made</b>
Initial Franchise Fee <sup>1</sup>	\$40,000	Lump Sum	On signing Franchise Agreement	Us
Leasehold Improvements <sup>2</sup>	\$81,000- \$407,000	As Agreed	As Vendors Require	Outside Contractors
Furniture, Fixtures and Equipment <sup>3</sup>	\$48,000- \$98,000	As Agreed	As Vendors Require	Outside Vendors
POS – Computer Hardware & Implementation <sup>4</sup>	\$2,700- \$3,900	As Agreed	As Vendors Require	Outside Vendors
Signage	\$4,400- \$16,000	As Agreed	As Vendors Required	Outside Vendors
First Month’s Rent <sup>5</sup>	\$3,000- \$15,000	Lump Sum	As specified in lease or sublease	Landlord
Security Deposit <sup>5</sup>	\$0-\$45,000	Lump Sum	On signing lease or sublease	Landlord
Opening Inventory and Supplies <sup>6</sup>	\$10,000- \$18,000	As Agreed	As Suppliers Require	Third Party Suppliers, Golden Krust Caribbean Bakery, Inc.
Grand Opening Advertising <sup>7</sup>	\$3,000- \$10,000	Lump Sum	As Vendors Require	Outside Vendors
Training Expenses <sup>8</sup>	\$2,500- \$5,000	As Incurred	As Incurred	Third Parties

<b>YOUR ESTIMATED INITIAL INVESTMENT</b>				
<b>Golden Krust Caribbean Restaurant (Traditional Restaurant) or Jerk ‘N Patties Restaurant</b>				
<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is To Be Made</b>
Miscellaneous Opening Costs <sup>9</sup>	\$8,000- \$18,000	As Incurred	As Suppliers/ Vendors Require	Third Parties
Additional Funds 3 months <sup>10</sup>	\$10,000- \$100,000	As Incurred	As Expenses Occur	Third Parties
<b>TOTAL ESTIMATED INITIAL INVESTMENT</b>	<b>\$212,600 - \$775,900</b>			

Costs paid to us are not refundable, except as specifically described below. Whether any costs paid to third parties are refundable will vary based on the third parties’ business terms. We do not provide any direct or indirect financing for the Initial Franchise Fee or other fees and costs paid to us or to third parties. If you meet the credit requirements determined by third party vendors, you may be able to obtain financing. The availability and terms of financing will depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of the financial institutions from which you request a loan. We do not determine the terms and conditions of any financing and we do not provide any guarantees for any financing provided to you by third parties.

**Explanatory Notes**

1. See Item 5 for more detailed information about the initial franchise fee.
2. The size of a restaurant is estimated to be 1,200 to 3,500 square feet. Costs of leasehold improvements, which include architects/engineering fees, municipality fees, floor covering, wall treatment, counters, ceilings, painting, window coverings, electrical, carpentry, plumbing, HVAC and related work and contractor’s fees, will vary significantly depending on the condition, location and size of the premises, and any construction, heating and air conditioning systems or other allowances granted by the landlord after negotiations.
3. This item includes sinks, refrigerators, ovens, stoves, menu board, fryers, cookers, cooking exhaust and fire suppression system, display cases, tables, chairs, booths, utensils, cash registers, desk, filing cabinets safes, and related office supplies. The low end of the range assumes that you take over an existing restaurant space with some of these items already in place. The high end of the range assumes that all new equipment is purchased.
4. This item includes the cost for a phone system, computer, fax system, broadband service, inventory and scheduling software subscription, the POS system setup, and the Golden Krust App setup.
5. The amount of the first month’s rent and security deposit will depend on the size, condition and location of the premises and the demand for the premises among prospective lessees. This fee may be refundable depending on the terms of the agreement with the Landlord.
6. The difference between the low and high ranges is attributable to the actual size of the restaurant and the amount and variety of the food and restaurant products, materials and supplies necessary for the opening of the Restaurant in compliance with our prescribed standards and specifications.

7. This item estimates how much you will be required to spend on Grand Opening advertising and the actual ceremony. The official opening of your store can take several formats and may include print media, digital media, third-party delivery promotions, radio, TV, DJ, bands, flyers, give-a-ways, etc.
8. This item estimates how much you could spend for payroll, traveling, accommodations, etc. while participating in the required training courses.
9. These expenses include miscellaneous opening costs and expenses such as installation of telephones, deposits for gas, electricity and related items, installation of security systems, business licenses, legal and accounting expenses and insurance premiums. A security system is not required, but is highly recommended. The cost of a security system is \$8,000 to \$12,000.
10. This item estimates your initial start-up expenses incurred before operations begin and during the initial period of operations (3 months). These expenses include payroll costs. These figures are estimates, and Golden Krust cannot guarantee that you will not have additional expenses starting the business. You are obligated to obtain and maintain, at your own expense, the insurance coverage that Golden Krust requires from time to time and meet the other insurance related obligations in the Franchise Agreement.

We relied on our affiliates' experience in the restaurant business to compile these estimates.

## **ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

### **Approved Suppliers & Distributors**

You are obligated to operate the restaurant according to our System Standards. System Standards may regulate, among other things, the types, models and brands of required fixtures, furnishings, equipment, signs, materials and supplies to be used in operating the restaurant, required or authorized products and product categories and designated or approved suppliers of such items (which may be limited to or include us or our affiliates). We require you to purchase or lease all of your restaurant's equipment from designated or approved suppliers.

In order to maintain the quality of the goods and services sold by Golden Krust restaurants and the reputation of our franchise network, you are obligated to purchase all Jamaican patties, jerk seasonings, jerk sauce, jerk chicken and substantially all of your breads, cakes and other baked goods from designated suppliers, which include our affiliate, Golden Krust Caribbean Bakery, Inc. Some of our shareholders own an equity interest in Golden Krust Caribbean Bakery, Inc. and some of our shareholders own an equity interest in Park Central, both of which are designated suppliers. In addition, as noted in Item 1, certain members of our board of directors and our shareholders operate companies that distribute products to our franchisees including IJBR, GK SDI, and GK NW. In the fiscal year ended December 31, 2024, based upon sales to franchisees, IJBR had revenue of \$2,050,000, GK SDI had revenue of \$305,235.87, and GK NW had revenue of \$205,780.26. The price you pay for food products from our affiliate vary depending on the location of your restaurant and quantities purchased. The prices charged to these suppliers by the manufacturer are equivalent to market prices.

Golden Krust Caribbean Bakery, Inc. does not charge the same prices to individual/entities who are not franchisees. In 2024, the books and records of Golden Krust Caribbean Bakery, Inc., showed total sales of food products and seasonings to franchisees (including sales to distributors who re-sold to franchisees) were approximately \$12,402,110. We do not collect any revenue from sales made to franchisees. Certain franchised units operated by employees of ours or of related entities and family members (and their heirs)

who are shareholders of ours or of our related entities do not pay the same prices for food products and seasonings purchased from Golden Krust Caribbean Bakery, Inc.

Additionally, you are obligated to purchase all other food or restaurant products from sources approved or designated by us. Equipment and fixtures for your restaurant must meet our minimum standards and specifications. Our standards and specifications may impose minimum requirements for delivery, performance, design and appearance. We will notify you in our Brand Standards Manual or other communications of our standards and specifications and/or names of approved suppliers.

We do not provide material benefits to our franchisees based on their use of approved sources or their purchase of particular products or services.

Except as described above, neither Golden Krust nor its affiliates currently derive revenue or other material consideration as a result of required purchases or leases. There currently are no purchasing or distribution cooperatives. Golden Krust currently has the right at some point in the future to negotiate purchase arrangements with suppliers for the benefit of franchisees, and/or to derive revenue or other material consideration as a result of required purchases or leases, but intends to do so only if there will be a net cost savings to franchisees from the particular arrangement

### **Method of Approving Suppliers & Distributors**

If you want to use any item that does not comply with System Standards or is to be purchased from a supplier that has not yet been approved, you must first submit sufficient information, specifications and samples for our determination whether the item complies with System Standards or the supplier meets approved supplier criteria. We may charge you a reasonable fee to cover the costs we incur in making this determination and will, within sixty (60) days, notify you of our decision. We will, from time to time, establish procedures for submitting requests for approval of items and suppliers and may impose limits on the number of approved items and suppliers. Approval of a supplier may be conditioned on criteria relating to product quality, frequency of delivery, standards of service and concentration of purchases with one or more suppliers in order to obtain better prices and service and may be temporary, pending our further evaluation of the supplier.

### **Computer Hardware and Software**

Prior to opening, you are required to purchase the required Point Of Sale System and equipment required for the Golden Krust App. We must maintain independent access to the information or data generated by your Point Of Sale System. We may require that you update or replace this point of sale system.

### **Required Purchase Percentage of Revenue**

We estimate that approximately 75% to 90% of your total purchases and leases in establishing and in operating a Golden Krust Restaurant will be subject to at least one of the restrictions described in this item.

### **Insurance Specifications**

In addition to the purchases or leases described above, you are obligated to obtain and maintain, at your own expense, such insurance coverage that we require from time to time and meets the insurance related obligations in the Franchise Agreement. You currently are required to maintain comprehensive liability insurance coverage (\$1,000,000 per occurrence, \$2,000,000 aggregate) for property damage, bodily injury and death, and blanket contents (approximately \$500,000), business interruption (approximately \$500,000), theft (approximately \$30,000), employee benefit liability (approximately \$1,000,000), automobile liability

(owned and non-owned) (approximately \$1,000,000) coverage. The cost of this coverage will vary depending on the insurance carrier's charges, terms of payment and your history. All insurance policies must name us as an additional insured party.

**ITEM 9. FRANCHISEE'S OBLIGATIONS**

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

<b>OBLIGATION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>DISCLOSURE DOCUMENT ITEM</b>
(a) Site Selection and acquisition/lease	II	Items 7 and 11
(b) Pre-opening purchases/leases	II	Item 8
(c) Site development and other pre-opening requirements	II	Items 6, 7 and 11
(d) Initial and ongoing training	IV.A	Item 11
(e) Opening	II.E	Item 11
(f) Fees	III; IX; XIII.C; XIII.E (2); XVIII.B	Items 5, 6 and 7
(g) Compliance with standards and policies/Brand Standards Manual	I; II.C.,D.; IV.B; VIII	Item 11
(h) Trademarks and proprietary information	V; VI	Items 13 and 14
(i) Restrictions on products/services offered	VIII	Items 11 and 16
(j) Warranty and customer service requirements	VIII.A(13)	
(k) Territorial development and sales quotas	I.D	Item 12
(l) On-going product/service purchases	VIII.A(3), (4)	Item 8
(m) Maintenance, appearance and remodeling requirements	I.E; II.C,D; VIII.A(1),(2)	Items 11 and 16
(n) Insurance	II.E(4); VIII.A(12)	Items 7 and 8
(o) Advertising	IX	Items 6, 7 and 11
(p) Indemnification	XVII.B	Item 6
(q) Owner's participation/management/staffing	VII; VIII.A(8)	Items 11 and 15
(r) Records/reports	XI	

<b>OBLIGATION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>DISCLOSURE DOCUMENT ITEM</b>
(s) Inspections/audits	XII	Item 6
(t) Transfer	XIII	Item 17
(u) Renewal	I.E	Item 17
(v) Post-termination obligations	XVI	Item 17
(w) Non-competition	VII; XVI.D	Item 17
(x) Dispute resolution	XVIII.E,F	Item 17
(y) Other obligations- Members/Shareholders/Spousal Guarantees	I.C(4); Guaranty	Item 15

**ITEM 10. FINANCING**

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

**ITEM 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, OPERATIONS MANUAL, WEBSITE, AND TRAINING**

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

**Pre-Opening Obligations**

Before you open the Restaurant, we will:

1. Site Selection. Provide you with our site selection criteria for the Restaurant. Your site must meet our criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses, the nature of other businesses in proximity to the site and other commercial characteristics, and the size, appearance and other physical characteristics of the proposed site. We will approve or disapprove a location you propose for the Restaurant within thirty (30) days after we receive the complete site report and other materials requested. If we cannot agree upon a site within one (1) year of your signing our Franchise Agreement, we will terminate your Franchise Agreement and retain your initial franchise fee. (Franchise Agreement - Section II.A.)
2. Fixtures, Furnishings, Equipment and Signs. Furnish you with mandatory and suggested specifications for your restaurant, including requirements for dimensions, design, image, interior sample drawings, décor, fixtures, equipment, signs, furnishings and color scheme. (Franchise Agreement - Sections II.C. and D.)
3. Development of Restaurant. Assist you, at your request, by providing information for contractors and architects and otherwise furnishing information to assist you in developing the Restaurant in accordance with our specifications. (Franchise Agreement - Section II.C.)
4. System Standards. As discussed in Item 8, identify the fixtures, furnishings, equipment (including cash registers, and computer hardware and software) signs, food, products, materials and supplies necessary for the Restaurant to begin operations, the minimum standards and specifications that must be satisfied and the suppliers from whom these items may be purchased or leased (including

us and/or its affiliate). (Franchise Agreement - Section II.C., VIII.A.). We do not provide any assistance with delivery or installation of any such items.

5. Brand Standards Manual. Loan you one copy of the confidential Brand Standards Manual. The Brand Standards Manual contains mandatory and suggested specifications, standard operating procedures and rules that we require from time to time. A copy of the Table of Contents of the Brand Standards Manual is attached to this Disclosure Document as Exhibit F. (Franchise Agreement - Section IV.B.)
6. Training. Train you (or your managing owner) and one managerial employee. (Franchise Agreement - Section IV.A.)
7. General Guidance – Advertising. Assist you in implementing the grand opening advertising and promotional program for the Restaurant. (Franchise Agreement - Section IV.B.(3))

### **Continuing Obligations**

After opening your Restaurant and during the operation of your Franchised Business, we will:

1. General Guidance. Advise you from time to time regarding the operation of your Restaurant based on reports you submit to us or inspections we make. We will also provide you with guidance relating to standards, specifications and operating procedures and methods used by Golden Krust Restaurants; purchasing required fixtures, furnishings, equipment, signs, products, materials and supplies; advertising and marketing programs, including your grand opening; and, administrative, bookkeeping and accounting procedures. (Franchise Agreement – Section IV.B.) We have no obligation to assist you in establishing prices.
2. System Improvements. We will, as we deem necessary, make available to you any improvements, additions or deletions to the System, services and products offered, to which you agree to comply, at your own expense, with all such modifications and requirements needed to implement them. (Franchise Agreement – Section IV.B, VIII.A.)
3. Advertising Materials. In our discretion, periodically furnish you with samples of advertising, marketing and promotional formats and materials. We will review and approve proposed local advertising you intend to use. We will administer the Advertising Fund. (Franchise Agreement – Sections IV.B., IX and X)
4. Periodic Inspections and Evaluations. Periodically inspect your Restaurant, remove samples of any products, materials, or supplies for testing and analysis, and inspect and copy any books, records and documents relating to your operation of the Restaurant as we deem advisable and without prior notice to you. (Franchise Agreement – Section XII)

### **Typical Length of Time Before Beginning Operations**

We estimate that there will be an interval of six (6) to twelve (12) months between the execution of the Franchise Agreement and the opening of the Restaurant, but the interval may vary based upon such factors as the location and condition of the site, the size of your restaurant, construction schedule for the Restaurant, the extent to which an existing location must be upgraded or remodeled, the delivery schedule for equipment and supplies, delays in securing financing arrangements, general supply chain issues, construction delays, obtaining permits, delays in completing training and your compliance with local laws and regulations. You may not open the Restaurant for business until: (1) we approve the Restaurant as developed according to

its specifications and standards; (2) pre-opening training has been completed to our satisfaction; (3) the initial franchise fee and all other amounts then due to us have been paid; and (4) you have furnished us with copies of all required insurance policies, or such other evidence of insurance coverage and payment of premiums as we require. You must open the Restaurant for business within 180 days after execution of the lease agreement for your site and five (5) days after we notify you that the Restaurant is ready to open. (Franchise Agreement – Section II.E.).

### **Advertising**

We do not have an advertising council but we reserve the right, at any time, to create one in the future.

You will be required to pay to us a weekly advertising fee equal to one-and-one-half percent (1.5%) of the Gross Sales of the Restaurant. This advertising fee is paid with the weekly royalty payment, but will be segregated by us in a special account maintained solely for the advertising fund.

We will direct all programs financed by the Advertising Fund, with sole discretion over the creative concepts, materials and endorsements used and the geographic, market and media placement and allocation of the programs. The Advertising Fund may be used to pay the costs of preparing and producing video, audio and written advertising materials; administering regional and multi-regional advertising programs, including, without limitation, social media and electronic media advertising, purchasing direct mail and other media advertising and employing advertising, promotion and marketing agencies to provide assistance; and supporting public relations, market research and other advertising, promotion and marketing activities. The Advertising Fund periodically will furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges. We do not collect the same amount as an Advertising Fee from all Golden Krust franchisees, but reserve the right to do so. We may reduce or waive (and we have reduced or waived) the advertising fee in certain instances and for certain franchisees, including, but not limited to franchisees who are shareholders or employees (along with their children and/or heirs) of the franchisor or its affiliates. There are franchisees who pay a lower or no advertising fee.

The Advertising Fund will be accounted for separately from our other funds and will not be used to defray our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we incur in activities related to the administration of the Advertising Fund and its programs, including, without limitation, conducting market research, preparing advertising, promotion, and marketing materials and collecting and accounting for contributions to the Advertising Fund. We may spend, on behalf of the Advertising Fund, in any fiscal year an amount greater or less than the aggregate contribution to the Advertising Fund in that year, and the Advertising Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Advertising Fund will be used to pay advertising costs before other assets of the Advertising Fund are expended. We will prepare an unaudited annual statement of monies collected and costs incurred by the Advertising Fund and furnish it to you upon written request. We have the right to cause the Advertising Fund to be incorporated or operated through a separate entity at such time as it deems appropriate, and the successor entity will have all of the rights and duties described here.

In 2024, the monies from the Advertising Fund were spent as follows: 45% for digital marketing and 55% for traditional marketing, including radio, design, and production. The Advertising Fund is not audited.

We have no obligation to ensure that expenditures by the Advertising Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Advertising Fund by franchisees operating in that geographic area or that any of our franchisees will benefit directly or in proportion to its contribution

to the Advertising Fund from the development of advertising and marketing materials or the placement of advertising. No funds from the Advertising Fund are used to directly solicit new franchise sales; however we may use such funds for our websites which include franchise sales pages.

We do not have any advertising cooperatives.

We reserve the right to defer or reduce contributions of any franchisee and, upon thirty (30) days' prior written notice to you, to reduce or suspend contributions to and operations of the Advertising Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Advertising Fund. If the Advertising Fund is terminated, all unspent monies on the date of termination will, at our discretion, be spent or distributed to franchisees in proportion to their respective contributions to the Advertising Fund during the preceding twelve (12) month period.

You will also be required to expend 1% of the annual Gross Sales from the operation of your Restaurant on local marketing, including but not limited to digital marketing.

All advertising, promotion and marketing must be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we require from time to time. You may prepare your own advertising materials, however, samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted for approval before you use them. If you do not receive written disapproval within fifteen (15) days after we receive the materials, we will be deemed to have given the required approval. You may not use any advertising, promotional materials or web-based advertising that we have disapproved.

Except as disclosed above, there are no other advertising funds or programs that you must participate in. We have no obligation to spend any amount on advertising in your area or territory.

### **Computer/Point-of-Sale System**

Prior to opening, you are required to purchase the TOAST Point of Sale System consisting of TOAST Flex for Guest with MSR, TOAST Tap (on counter), TOAST printer, and the cash drawer, at a total cost of \$449.50, with an implementation cost of \$754.70. You are required to pay the third party delivery integration fee and the TOAST monthly support fee of \$223.50. You will be responsible for all Internet and/or wireless connectivity necessary to implement and use the TOAST system and for ensuring integration between the TOAST System and your other software as we require. We maintain independent access to the information or data generated by your Point Of Sale System. We may require that you update or replace this point of sale system. You will be required to register for and use the Golden Krust app through our designated third party provider. You will be required to pay the third party provider certain fees such as costs for hardware and installation and a platform or access fee. These amounts are currently being negotiated with a new provider.

### **Training (“Initial and Remedial”)**

Before the Restaurant's opening, we will provide initial training on the operation of the Restaurant to you (or your managing owner) and one managerial employee. You and your managerial employee must complete the initial training to our satisfaction. You also must participate in all other activities required to open the Restaurant. Although there are no additional fees for this training, you are responsible for all travel and living expenses which you and your employees incur in connection with training. If you (or your managing owner) are unable to complete initial training to our satisfaction, we can terminate the Franchise Agreement. (Franchise Agreement – Section IV.A.)

Initial training, including selection of equipment and suppliers, cooking processes, merchandising, marketing, accounting, and basic management shall be provided by us for you (or your managing owner) and one managerial employee at times and places we shall designate.

The initial training is conducted at our training facility in Bronx, New York or at a designated training center or functioning Restaurant, as well as in your restaurant after opening. We will provide one week of classroom training, two weeks of in store training at another designated training center or functioning restaurant, and one week of in-store training at the your location during your opening. Classroom training will be delivered utilizing a combination of in-person and virtual formats. We plan to be flexible in scheduling training to accommodate our personnel, you and your personnel. We will provide the following training as needed:

### TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Pre-Opening Activities	2	0	Golden Krust training facility in Bronx, NY or at your Restaurant
Design & Construction	2	0	Golden Krust training facility in Bronx, NY or at your Restaurant
Hospitality Standards	8	28	Golden Krust training facility in Bronx, NY or at your Restaurant
Food Safety & Sanitation	6	6	Golden Krust training facility in Bronx, NY or at your Restaurant
Employee Safety & Security	1	1	Golden Krust training facility in Bronx, NY or at your Restaurant
Personnel Management	1	3	Golden Krust training facility in Bronx, NY or at your Restaurant
Finance & Accounting	8	1	Golden Krust training facility in Bronx, NY or at your Restaurant
Marketing & Public Relations	2	1	Golden Krust training facility in Bronx, NY or at your Restaurant
Culinary	2	40	Golden Krust training facility in Bronx, NY or at your Restaurant
Operations	8	40	Golden Krust training facility in Bronx, NY or at your Restaurant
<b>Total Hours</b>	40	120	

The Training Program will be overseen by Orlean Lunan-Dowe. She has over 15 years of experience with us and over nine years of experience overseeing training.

Some states and municipalities also may require separate training in sanitation and safety laws before permitting the Restaurant to open. You should check your state and local laws.

The Golden Krust instructional material is contained in our Brand Standards Manual and includes standardized curriculum. The Brand Standards manual package consists of: Volume 1: Pre-opening Activities; Volume 2: Design and Construction; Volume 3: Restaurant Operation; Volume 4: Personnel Manual; Volume 5: Marketing Manual; Volume 6: Recipe Manual; Volume 7: Training. The Table of Contents for the Brand Standards Manual appears in Exhibit F of this disclosure document. As of the issuance date of this disclosure document, the Brand Standards Manual contains 488 pages.

A Franchisee who completes training and whose restaurant is not opened within the 6-9 month period after the completion of training will need to be taken back through the Pre-opening, and store operations training.

Our procedures and systems of operations are offered to our franchisees including training. Ongoing support is provided before and after you open your restaurant. Refresher training is ongoing as staff changes and as new systems, products and procedures are added. You are responsible for all travel and lodging expenses associated with attending refresher training. The Brand Standards Manual package will continue to be updated and will be used as a guide for training.

## **ITEM 12. TERRITORY**

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

The franchise is granted to you for a specific location only that first must be approved by us. We will consider multiple factors in approving a restaurant location. We do not grant exclusive territories. You are not granted options, rights of first refusal or similar rights to acquire additional franchises within a territory or contiguous territories. You may not operate the Restaurant at any other site without our prior written consent. If we consent to the Restaurant's relocation, we may charge you for the reasonable costs and expenses we incur in connection with the relocation. There are no restrictions as to where you solicit or accept orders. You may not, without prior approval by us, use other channels of distribution, such as the internet, to make sales outside your territory.

We (and our affiliates) reserve all rights that are not expressly granted to you under the Franchise Agreement. Among other things, we and our affiliates have the sole right to do any or all of the following (notwithstanding proximity to your Restaurant): (a) to establish and grant to other franchisees the right to establish, Traditional Golden Krust Restaurants anywhere other than your site on such terms and conditions we deem appropriate; and (b) to sell products identified by the Marks through distribution channels other than Traditional Golden Krust Restaurant (including, but not limited to, institutional customers of Golden Krust such as schools, prisons, club stores, gas stations, convenience stores and/or grocery stores). If we (or our affiliates) solicit or accept orders inside your territory, then we have no obligation to compensate You.

We have not established and do not intend to establish other franchises or Company-owned bakeries selling similar products or services under a different trademark. However, neither we nor our affiliates are restricted from establishing other franchises or company owned outlets or other channels of distribution selling or leasing similar products or services under a different trademark.

## **ITEM 13. TRADEMARKS**

We grant you the non-exclusive license to use the Marks during the term of the Franchise Agreement. We may also authorize you to use other current or future Marks to operate your Restaurant. By Marks, we mean trade names, trademarks, service marks and logos we use to identify Golden Krust restaurants and the products sold in them. Our affiliate, Golden Krust Patties, Inc., is the owner of the Marks. Golden Krust

Patties, Inc. has registered the following marks with the United States Patent and Trademark Office (“USPTO”) on the Principal Register:

Mark	Registration Date	Registration No.
GOLDEN KRUST	July 12, 2005	2966992
	August 31, 2021	6471570
	March 23, 2021	6302409

As of the date of this Disclosure Document, all affidavits of use required to be filed under Section 8 of the Lanham Act and all renewal registrations to maintain these Marks have been timely filed.

Golden Krust Patties, Inc. has applied to register the following Mark with the USPTO on the Principal Register:

TRADEMARK	SERIAL NUMBER	FILING DATE
GOLDEN KRUST JERK ‘N PATTIES	97602927	9/22/2022

This pending Mark does not have any legal benefit and rights as a federally registered trademark. If your right to use this Mark is challenged, you may have to change to an alternative Mark which may increase expenses.

As of the date of this Disclosure Document, we know of no superior rights or infringing uses that could materially affect your use of the principal Marks.

Golden Krust Patties, Inc. has granted us and our affiliate, Golden Krust Caribbean Bakery, Inc., the exclusive right to use and permit our franchisees to use the Marks under a License Agreement dated January 1, 2004. The license is worldwide and exclusive to Golden Krust and related entities and is for a perpetual term. Golden Krust Patties, Inc. has the right to terminate the License Agreement if we commit a breach of the License Agreement. In that event, Golden Krust Patties, Inc. will have the right to assume our obligations under your Franchise Agreement. There are no other agreements that limit our right to license the Marks to you under the Franchise Agreement.

We will take whatever administrative or legal action we deem necessary to protect the Marks and other intellectual property and your rights to use them under the terms of your Franchise Agreement. You must immediately notify us of any potential infringement of the Marks, including claims of rights to any confusingly similar trademarks. Upon notification of any such infringement, use or claim of rights to one of the Marks, we will undertake an investigation of the claim or use. While we will protect and defend the Marks and your right to use them, we have the sole right to determine what action, if any, is to be taken to protect these rights. Any legal action we take to defend your rights to use the Marks in accordance with

the terms of your Franchise Agreement will be at our sole expense and we will retain the sole right to control any such legal actions or proceedings we undertake. While not required to participate in your defense or to indemnify you if you become a party to an administrative or judicial proceeding involving a Mark which you are licensed to use under the terms of the Franchise Agreement, we will take whatever action we deem necessary on your behalf and at our sole expense to protect the Marks and your rights to use them in accordance with the terms of your Franchise Agreement. We can require you to modify or discontinue use of any of the Marks. We will not be obligated to reimburse you for the costs you incur, if any, to change signage, menu boards or any paper products that bear the affected trademark.

We are aware of the following possible existing superior prior rights:

- (i) There was a trademark registration for “Golden Krust” for bread, buns, and rolls on the Federal Register Re. No. 1892282 owned by W. E. Long of Chicago, Illinois from May 2, 1995 until January 10, 2005. The registration was canceled on January 10, 2005 for failure to file a statement of continuing use.
- (ii) There was a trademark registration for “Golden Krust” for restaurant services on the Federal Register No. 1178672, owned by Golden Krust Bakery, Inc. of Cohoes, NY from November 17, 1981 to June 21, 1988. The registration was canceled on June 21, 1988 for failure to file a statement of continuing use. Golden Krust Bakery Inc. of Cohoes, NY was made aware of use of “Golden Krust”, by Golden Krust Patties, Inc. and its licensees and has acquiesced in such use of “Golden Krust”.

Other than those previously listed above, we do not know of any other superior prior rights or infringing uses that could materially affect your use of the Marks in the state where the franchised business will be located.

There are currently no effective material determinations of the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board or any state trademark administration or court, nor any pending infringement, opposition or cancellation proceedings. There is no pending federal or state court litigation regarding our use or ownership rights in any Mark. Other than the license agreement noted above, there are currently no effective agreements that limit Golden Krust’s right to use or license the use of trademarks listed in this section.

#### **ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

There are no patents associated with this franchise.

We claim copyrights in the Brand Standards Manual, advertising materials, and related items used in operating the franchise. These copyrights have not been registered with the United States Register of Copyrights.

The Brand Standards Manual, which is described in Item 11, and other materials Golden Krust possesses contain Golden Krust’s confidential information. This information includes site selection criteria, recipes, methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, and knowledge of experience in developing and operating Golden Krust Restaurants.

All ideas, concepts, techniques, materials, or methods relating to Golden Krust Restaurants, whether or not constituting protectable intellectual property and whether created by or on behalf of you or your owners, must be promptly disclosed to us. Any intellectual property derived from these concepts, techniques, materials, or methods will be considered to be works made for hire for us. You must assign to us all rights in any intellectual property derived from concepts, techniques, materials or methods developed within the scope of operating the Golden Krust Restaurants.

You may not use our confidential information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others.

There currently are no effective determinations by the Copyright Office or by any court regarding the copyright in franchise materials. Furthermore, there are no agreements in place that limit our rights to use or authorize you to use the copy righted materials. Furthermore, 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 an agreement to protect or defend its copyrights or confidential information, although we intend to do so when this action is in the best interests of the System.

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

You must at all times faithfully, honestly and diligently perform your obligations under the Franchise Agreement, continuously exert your best efforts to promote and enhance the Restaurant and not engage in any other business or activity that conflicts with your obligations to operate the Restaurant in compliance with the Franchise Agreement. System Standards may regulate matters relating to managing the Restaurant, communication to us of the identities of the Restaurant’s personnel and qualifications, training, dress and appearance of employees. You (or your managing owner) are obligated to participate personally in the direct operation of the Restaurant, although you may employ a manager to assist you in the Restaurant’s day-to-day operations. Your manager must have completed Golden Krust’s initial training satisfactorily. This manager need not have an equity interest in the Restaurant, but must agree in writing to preserve the confidentiality of any confidential information to which he or she has access.

If you are a corporation, limited liability company or limited partnership, your owners and their spouses must not only personally guarantee your obligations under the Franchise Agreement but also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. This “Guaranty and Assumption of Obligations” is attached to the Franchise Agreement.

If you are an individual and if you have a spouse, your spouse will be required to sign the Franchise Agreement.

**ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer for sale all products and perform all services that Golden Krust requires from time to time for Traditional Golden Krust Restaurants. You may not offer for sale any products or perform any services that Golden Krust has not authorized. Golden Krust’s System Standards may regulate required or authorized products, product categories and supplies. Golden Krust has the right to change the types of required and/or authorized goods and services from time to time. There are no limits on Golden Krust’s right to do so.

There are no franchisor-imposed restrictions or conditions that 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 AGREEMENT</b>	<b>SUMMARY</b>
(a) Length of the Franchise Term	Section I.D.	10 years
(b) Renewal or Extension of the term	Section I.E.	One (1) additional 10 year term.
(c) Requirements for Franchisee to renew or extend	Section I.E.	Not in default of any agreement with us and paid all monetary obligations. Right to maintain possession of premises or secure substitute premises. Remodel or renovate to our satisfaction. Give timely notice. Sign general release (Exhibit H includes the current form). Execute our then-current franchise agreement which may contain materially different terms and conditions from your original franchise agreement and pay renewal fee.
(d) Termination by Franchisee	Section XV.A.	You do not have the right to terminate the Agreement.
(e) Termination by franchisor without cause	Not Applicable	
(f) Termination by Franchisor with cause	Section XV.B.	We can terminate only if you commit one of several violations.
(g) "Cause" defined-curable defaults	Section XV.B.	You have 2 hours to cure health, safety or sanitation law violations; 10 days to cure monetary defaults; 30 days to cure other defaults not listed in Section XV.B.

<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
(h) “Cause” defined-non-curable defaults	Section XV.B.	Non-curable defaults include failure to complete training, failure to open the Restaurant within 180 days, abandonment, unapproved transfers, material misrepresentations, conviction of a felony, dishonest or unethical conduct, loss of the premises, unauthorized use or disclosure of the Brand Standards Manual or confidential information, failure to pay taxes, repeated defaults (even if cured), an assignment for the benefit of creditors and an appointment of a trustee or receiver, sale of competitor product.
(i) Franchisee’s obligations on termination/non-renewal	Section XVI.	Obligations include payment of outstanding amounts, complete de-identification and return of confidential information (also see (r) below)
(j) Assignment of contract by Franchisor	Section XIII.A.	No restriction on our right to assign.
(k) “Transfer” by Franchisee-defined	Section XIII.B.	Includes transfer of Franchise Agreement or assets or ownership change.
(l) Franchisor approval of transfer by Franchisee	Section XIII.B.	We have the right to approve all transfers
(m) Conditions for Franchisor approval of transfer	Section XIII.C.	Transferee: meets then-current qualifications; completes training; pays fees; sign required agreements; purchases all assets or leases for the Restaurant. Transferor: pay us all amounts due and is full compliance with all agreements; submits all sales materials for the interest to be transferred to us; sign required agreements; execute general release (Exhibit H includes the current form). Also, transfer fee paid, remodel completed, material terms of the transfer approved by us.
(n) Franchisor’s right of first refusal to acquire Franchisee’s business	Section XIII.G.	We can match any offer for your business or an ownership interest in you.
(o) Franchisor’s option to purchase Franchisee’s business	Section XVI.E.	We have the option to buy the Restaurant at fair market value after termination or expiration of the agreement
(p) Death or disability of Franchisee	Section XIII.E.	Franchise or an ownership interest in you must be assigned to an approved transferee within 6 months

<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
(q) Non-competition covenants during the term of the franchise	Section VII	No controlling ownership interest in, or perform services for, competitive business anywhere.
(r) Non-competition covenants after the franchise is terminated or expires	Section XVI.D.	No interest in competing business for 2 years at, or within 10 miles of premises of Restaurant or within 5 miles of any other Golden Krust Restaurant that is in operation or under construction (same restrictions apply after assignment)
(s) Modification of the agreement	Section XVIII.G.	No modifications generally but Brand Standards Manual and System Standards are subject to change.
(t) Integration/Merger clause	Section XVIII.H.	Only the terms of the Franchise Agreement (including the Brand Standards Manual) are binding. Any other promises may not be enforceable. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim our representations made in the Franchise Disclosure Document
(u) Dispute resolution by arbitration or mediation	Section XVIII.E.	Except for certain claims, all disputes must be arbitrated in White Plains, New York (subject to state law)
(v) Choice of forum	Section XVIII.F.	Arbitration shall be in New York (subject to state law).
(w) Choice of law	Section XVIII.F.	New York law applies (subject to state law)

**ITEM 18. PUBLIC FIGURES**

Golden Krust does not use any public figure to promote its franchise.

**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 only if: (1) a franchisor provides the actual records of an existing Restaurant 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.

The Financial Performance Representation in the Table below is a historic financial performance representation based on existing (traditional) Golden Krust Caribbean Bakery and Grill Restaurants. There are currently no Jerk N' Patties Restaurants operating so they have not been included in this Financial Performance Representation.

The information included in the Table below is based on reports submitted to us by 101 fully-reporting franchised (traditional) Golden Krust Caribbean Bakery and Grill Restaurants located in the United States that were operated for the entire 2024 Fiscal Year. Specifically, the information in the four tables is organized into four quartiles (“Quartiles”) which were determined based on the Gross Sales generated by those respective 101 franchised locations during the 2024 fiscal year in descending order. The Table does not include any company-owned or affiliate-owned stores. The information was collected by us, but has not been independently audited or verified.

**Gross Revenues of Golden Krust Caribbean Bakery and Grill Franchised Restaurants/Golden Krust Caribbean Restaurant (Traditional) By Quartile for 2024 Fiscal Year**

Gross Revenue Range (Low / High by Quartile)	Stores in Quartile	Median	Average	Percentage of total Reporting Stores	Number of locations that met or exceeded average annual gross sales for quartiles	Percentage of outlets that attained or surpassed average results
\$1,957,030 - \$5,099,500	25	\$2,513,820	\$2,819,990	25%	9	36%
\$1,263,200 - \$1,891,350	26	\$1,482,150	\$1,494,120	25%	13	50%
\$808,230 - \$1,261,140	25	\$1,116,990	\$1,071,2300	25%	14	56%
\$351,590 - \$808,010	25	\$625,835	\$633,310	25%	12	48%

**Some outlets have sold this amount. Your individual results may differ. There is no assurance you’ll sell as much.**

Material Bases and Assumptions

The Franchised Restaurants represented in the Table above are substantially similar to the Golden Krust Caribbean Bakery and Grill Restaurants/Golden Krust Caribbean Restaurant traditional restaurants being offered to you. The Golden Krust Caribbean Bakery and Grill Restaurants/Golden Krust Caribbean Restaurant traditional restaurants are primarily in-line locations in the Metropolitan areas.

As used in the Franchise Agreement, the term “Gross Revenue” means all revenue you derive from operating the Restaurant, including but not limited to, all amounts you receive at or away from the Premises, and whether from cash, check, credit card or credit transactions, but excluding (1) all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority and (2) customer refunds, adjustments, credits and allowances actually made by the Restaurant.

Written substantiation for the financial performance representation will be made available to prospective franchisee upon reasonable request.

The financial performance representations in Item 19 do not reflect the cost of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenues figures to obtain your net income or profit. You will incur at least the following expenses, and possibly more: inventory, labor, rent, pre-opening expenses, depreciation and amortization, taxes, insurance, operating expenses, royalty fees to us, advertising fees to us, other fees to us as set forth in the Franchise Agreement, professional fees, bank charges, telephone, repairs. All of your expenses will affect the operating profit, net income and/or cash flow of a traditional Golden Krust Caribbean Bakery and Grill Restaurant/Golden Krust Caribbean Restaurant and should be carefully considered and evaluated. We have not provided information regarding costs and expenses because we do not regularly collect that data from franchisees and do not operate enough company-owned Restaurants from which we could present reliable figures.

Other than the preceding financial performance representation, we do not make any financial performance representations. 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 our management by contacting our Director of Franchise Development, Omar Hawthorne, at 399 Knollwood Road, Suite 115, White Plains, NY 10603, Telephone: (914) 575-2389, or at [information@goldenkrust.com](mailto:information@goldenkrust.com), the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20. LIST OF OUTLETS AND FRANCHISE INFORMATION**

**Table 1  
Systemwide Outlet Summary  
For Years Ending 2022, 2023, and 2024  
(Golden Krust Caribbean Restaurant – Traditional Restaurant)**

<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>
<b>Franchised</b>	2022	107	107	0
	2023	107	106	-1
	2024	106	101	-5
<b>Company Owned</b>	2022	3	3	0
	2023	3	2	-1
	2024	2	2	0
<b>Total Outlets</b>	2022	110	110	0
	2023	110	108	-2
	2024	108	103	-5

**Table 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For Years 2022, 2023, 2024\***  
**(Golden Krust Caribbean Restaurant – Traditional Restaurant)**

STATE	YEAR	NUMBER OF TRANSFERS
Georgia	2022	0
	2023	0
	2024	1
<b>Totals</b>	2022	0
	2023	0
	2024	1

\*As of fiscal year end December 31, 2024. States not listed had no activity to report.

**Table 3**  
**Status of Franchised Outlets**  
**For Years Ending 2022, 2023, and 2024\***  
**(Golden Krust Caribbean Restaurant – Traditional Restaurant)**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
CT	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
FL	2022	25	0	0	0	0	0	25
	2023	25	2	0	0	0	0	27
	2024	27	1	0	0	0	2	26
GA	2022	17	0	0	0	0	0	17
	2023	17	0	0	0	0	0	17
	2024	17	1	0	0	0	0	18
MD	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
NC	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	1	0	0	0	1	3
NJ	2022	6	0	0	0	0	0	6
	2023	6	1	0	0	0	0	7
	2024	7	0	0	0	0	0	7
NY	2022	52	2	0	0	0	3	51
	2023	51	1	0	1	0	4	47
	2024	47	1	0	0	0	5	42
TX	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
<b>Totals</b>	2022	107	3	0	0	0	3	107
	2023	107	4	0	1	0	4	106
	2024	106	3	0	0	0	8	101

\*As of fiscal year end December 31, 2024. States not listed had no activity to report.

**Table 4**  
**Status of Company-Owned Outlets**  
**For Fiscal Years Ending 2022, 2023 and 2024\***  
**(Golden Krust Caribbean Restaurant – Traditional Restaurant)**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
CT	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
MA	2022	1	0	0	0	0	1
	2023	1	0	0	1	0	0
	2024	0	0	0	0	0	0
NY	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
<b>Totals</b>	2022	3	0	0	0	0	3
	2023	3	0	0	1	0	2
	2024	2	0	0	0	0	2

\*As of fiscal year end December 31, 2024. States not listed had no activity to report.

**Table 5**  
**Projected Openings as of the end of Fiscal Year 2024**  
**(Golden Krust Caribbean Restaurant – Traditional Restaurant)**

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY- OWNED OUTLETS IN THE NEXT FISCAL YEAR
Florida	1	1	0
Georgia	2	1	0
North Carolina	1	0	0
New York	0	1	0
<b>Totals</b>	4	3	0

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Attached Exhibit G is a listing of (1) all franchised locations including franchisee name, location, and phone number; (2) all former franchisees; and (3) all franchise agreements signed but not opened.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are currently no trademark-specific franchisee organization association associated with Golden Krust's franchise system.

**ITEM 21. FINANCIAL STATEMENTS**

Attached to this Disclosure Document as Exhibit A are Golden Krust Franchising, Inc.'s financial statements for the fiscal years ending December 31, 2024, December 31, 2023, and December 31, 2022. Exhibit A also includes our unaudited financial statements dated as of June 30, 2025.

**ITEM 22. CONTRACTS**

The following agreements or documents are attached as exhibits to this Disclosure Document.

Franchise Agreement with Exhibits – Exhibit B  
Exhibit C to Franchise Agreement – Guaranty  
Lease Rider – Exhibit E  
Release – Exhibit H

**ITEM 23. RECEIPT**

The last pages of this Franchise Disclosure Document are Exhibit "I" which is a detachable document in duplicate. Please detach, sign, date and return one (1) signed copy of the Receipt to us acknowledging you received this Franchise Disclosure Document. Please keep the second copy for your records.

**EXHIBIT A**

**FINANCIAL STATEMENTS**

**Golden Krust Franchising, Inc.**

Consolidated Financial Statements

Years Ended December 31, 2024 and 2023

## **Independent Auditors' Report**

**To the Shareholders  
Golden Krust Franchising, Inc.**

### ***Opinion***

We have audited the accompanying consolidated financial statements of Golden Krust Franchising, Inc. (the "Company"), which comprise the consolidated balance sheet as of December 31, 2024, and the related consolidated statements of income and accumulated deficit, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

### ***Basis for Opinion***

We conducted our audit 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 Golden Krust Franchising, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Prior Period Financial Statements***

The financial statements of Golden Krust Franchising, Inc. as of December 31, 2023, and for the year then ended were audited by other auditors whose report dated February 29, 2024 expressed an unmodified opinion on those financial statements.

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

To the Shareholders  
Golden Krust Franchising, Inc.  
Page 2

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated 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 consolidated 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 consolidated 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 Golden Krust Franchising, Inc.'s 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 evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Golden Krust Franchising, Inc.'s 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.

*PKF O'Connor Davies, LLP*

Harrison, New York  
August 13, 2025

**Golden Krust Franchising, Inc.**

**Consolidated Balance Sheets**

	December 31,	
	2024	2023
<b>ASSETS</b>		
Current Assets		
Cash	\$ 386,828	\$ 509,993
Accounts receivable, less allowance for credit losses of \$1,537,307 in 2024 and \$1,627,345 in 2023	1,103,116	1,002,981
Note receivable, current portion	-	18,000
Inventories	18,533	28,017
Prepaid expenses	13,442	7,955
Total Current Assets	1,521,919	1,566,946
Noncurrent Assets		
Restricted cash	873,580	258,713
Operating lease right-of-used assets	383,997	376,828
Property and equipment, net	112,900	123,009
Due from related parties	504,109	102,209
Goodwill, net	80,504	113,252
Note receivable, net of current portion	98,803	83,803
Other noncurrent assets	14,416	10,960
Total Noncurrent Assets	2,068,309	1,068,774
Total Assets	\$ 3,590,228	\$ 2,635,720
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		
Current Liabilities		
Accounts payable	\$ 384,549	\$ 635,580
Accrued expenses	452,859	430,622
Legal settlement, current portion	120,000	-
Note payable - related party, current portion	597,894	538,544
Operating lease liabilities, current portion	88,175	79,464
Deferred franchise fees, current portion	185,408	124,000
Other current liabilities	9,896	9,328
Total Current Liabilities	1,838,781	1,817,538
Long-Term Liabilities		
Operating lease liabilities, net of current portion	327,173	356,336
Deferred franchise fees, net of current portion	920,703	796,513
Due to related parties	3,682	126,770
Legal settlement, net of current portion	360,000	-
Note payable - related party, net of current portion	3,960,113	4,558,007
Long-Term Liabilities	5,571,671	5,837,626
Shareholders' Deficit		
Common shares, no par value; 200 shares authorized; 100 shares issued and outstanding	170,100	170,100
Accumulated deficit	(3,990,324)	(5,189,544)
Total Shareholders' Deficit	(3,820,224)	(5,019,444)
Total Liabilities and Shareholders' Deficit	\$ 3,590,228	\$ 2,635,720

See notes to consolidated financial statements

**Golden Krust Franchising, Inc.**

**Consolidated Statements of Income and Accumulated Deficit**

	Year Ended December 31,	
	2024	2023
<b>REVENUES</b>		
Royalties	\$ 4,435,150	\$ 4,094,692
Advertising charges	1,853,944	1,718,952
Franchising fees	<u>141,682</u>	<u>122,508</u>
Total Franchise Revenues	6,430,776	5,936,152
Company owned restaurant sales	2,278,354	2,631,341
Cost of sales	<u>866,833</u>	<u>1,071,371</u>
Restaurant gross profit	1,411,521	1,559,970
Gross profit	7,842,297	7,496,122
<b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b>	6,104,535	7,038,995
Income from operations	<u>1,737,762</u>	<u>457,127</u>
<b>OTHER INCOME (EXPENSE)</b>		
Interest income	86	188
Interest expense	(509,709)	(122,609)
Other expense	<u>(641)</u>	<u>(176,975)</u>
Total other income (expenses)	<u>(510,264)</u>	<u>(299,396)</u>
Income before provision for income taxes	1,227,498	157,731
Provision for income taxes	<u>28,278</u>	<u>75,582</u>
Net Income	1,199,220	82,149
Accumulated deficit - beginning of year	<u>(5,189,544)</u>	<u>(5,271,693)</u>
Accumulated deficit - end of year	<u>\$ (3,990,324)</u>	<u>\$ (5,189,544)</u>

See notes to consolidated financial statements

**Golden Krust Franchising, Inc.**

**Consolidated Statements of Cash Flows**

	Year ended December 31,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 1,199,220	\$ 82,149
Adjustments to reconcile net income to net cash from operating activities		
Depreciation and amortization expense	62,093	71,983
Amortization of operating leases right-of-use assets	77,270	4,432
Provision for allowance for credit losses	(90,038)	606,734
Loss on disposal of equipment	-	92,339
Changes in operating assets and liabilities:		
Accounts receivable	(10,097)	(614,033)
Inventories	9,484	5,837
Prepaid expenses	(5,487)	2,638
Other noncurrent assets	(3,456)	-
Accounts payable	(251,031)	(244,516)
Accrued expenses	22,237	(19,736)
Legal settlement	480,000	-
Change in lease liabilities	(104,891)	-
Deferred franchise fees	185,598	(36,508)
Other current liabilities	568	(13,254)
Net Cash from Operating Activities	<u>1,571,470</u>	<u>(61,935)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<u>(19,236)</u>	<u>(25,444)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from notes receivable	3,000	25,274
Borrowings on note payable - related party	-	5,180,961
Repayments on note payable - related party	(538,544)	(84,410)
(Increase) in due from related party	(401,900)	(24,491)
(Decrease) in due to related party	(123,088)	(5,598,977)
Net Cash from Financing Activities	<u>(1,060,532)</u>	<u>(501,643)</u>
Net change in cash and restricted cash	491,702	(589,022)
<b>CASH AND RESTRICTED CASH</b>		
Beginning of Year	<u>768,706</u>	<u>1,357,728</u>
End of Year	<u>\$ 1,260,408</u>	<u>\$ 768,706</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for income taxes	\$ 46,054	\$ 51,489
Cash paid for interest	\$ 509,709	\$ 97,929

See notes to consolidated financial statements

## Golden Krust Franchising, Inc.

Notes to Consolidated Financial Statements  
December 31, 2024 and 2023

### 1. Nature of Organization and Principal Business Activities

Golden Krust Franchising, Inc. (the "Company") was incorporated on August 8, 1995 under the laws of the state of New York. The Company is primarily engaged in the sale of franchises to individuals who seek to operate Golden Krust Caribbean Restaurants throughout North America. Additionally, at December 31, 2024 and 2023, the Company had one Company-owned restaurants operating in North America.

The Company owns 100% of the equity interest in the entities listed in the table below:

<u>Legal entity</u>	<u>Operations</u>
Golden Krust Caribbean Restaurants, Inc. (formerly GKB National Inc.)	Holding company
GK Blue Hills Boston, Inc.	Company restaurants (closed June 2023)
GK Hartford, Inc.	Company restaurant

### 2. Summary of Significant Accounting Policies

#### ***Principles of Consolidation***

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All material intercompany accounts and transactions are eliminated.

#### ***Basis of Presentation and Uses of Estimates***

In preparing the consolidated financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Restricted Cash***

At December 31, 2024 and 2023, restricted cash on the consolidated balance sheets in the amount of \$873,580 and \$258,713 is related to funds received from the franchisees to be used in connection with the Company's advertising fund.

The Company maintains an advertising fund, which is accounted for separately, as described in the Company's Franchise Disclosure Document (FDD). The Company's franchisees make monthly contributions to the advertising fund based on a percentage of their respective sales. These funds are segregated to pay for franchise related advertising and cannot be used to defray general operating expenses of the Company.

## Golden Krust Franchising, Inc.

Notes to Consolidated Financial Statements  
December 31, 2024 and 2023

### 2. Summary of Significant Accounting Policies (continued)

#### **Restricted Cash (continued)**

The following table provides a reconciliation of cash and restricted cash reported within the consolidated balance sheets to such amounts presented in the consolidated statements of cash flows for the year ended December 31, 2024 and 2023.

	2024	2023
Cash	\$ 386,828	\$ 509,993
Restricted cash	873,580	258,713
	<u>\$ 1,260,408</u>	<u>\$ 768,706</u>

#### **Accounts Receivable and Allowance for Credit Losses**

Accounts receivable are recorded at amortized cost less an allowance for credit losses that are not expected to be recovered. The Company maintains allowances for credit losses resulting from the expected failure or inability of its customers to make required payments. The Company recognizes the allowance for credit losses at inception of the sales contract and reassesses at every reporting date based on the asset's expected collectability. The allowance is based on multiple factors including historical experience with uncollectible accounts, the credit quality of the customer base, the aging of such receivables and current macroeconomic conditions, as well as expectations of conditions in the future, if applicable. The Company's allowance for credit losses is based on the assessment of the collectability of assets pooled together with similar risk characteristics.

The Company records a provision for expected credit losses using the aging schedule method based on historical write-offs by age of trade accounts receivable. At each reporting period, the Company assesses whether financial assets in a pool continue to display similar risk characteristics. If particular receivables no longer display risk characteristics that are similar to those of the receivables in the pool, the Company may determine that it needs to move those receivables to a different pool or perform an individual assessment of expected credit losses for those specific receivables.

At December 31, 2022, the Company had net accounts receivable in the amount of \$995,682.

#### **Inventories**

Inventories consist of Company owned franchise food, beverage, and packing material, and are stated at the lower of cost or net realizable value and cost is determined on a first-in, first-out basis.

#### **Property and Equipment**

Property and equipment are carried at cost less accumulated depreciation and amortization. Maintenance, repairs and minor renewal costs are charged to operations as incurred; major renewals of over \$5,000 are capitalized. Upon sale or retirement of property and equipment, the Company removes the related costs and accumulated

## Golden Krust Franchising, Inc.

Notes to Consolidated Financial Statements  
December 31, 2024 and 2023

### 2. Summary of Significant Accounting Policies (*continued*)

#### ***Property and Equipment (continued)***

depreciation from the accounts and any gain or loss is included in the results of operations. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets, which typically range from five to ten years. Leasehold improvements are amortized over the life of the lease agreement or the estimated useful life of the leasehold improvement, whichever is shorter.

#### ***Goodwill***

The Company adopted the Private Company Council's alternative method of accounting for goodwill. As a result, the Company amortizes its goodwill on a straight-line basis over a period of ten years. Goodwill is evaluated and adjusted if events and circumstances indicate that a permanent decline in value below the current unamortized historical cost has occurred. The Company tests goodwill impairment at the entity level. As of December 31, 2024 and 2023, the Company concluded that there was no goodwill impairment. Goodwill relates to a business reorganization that occurred January 1, 2019. Amortization expense was \$32,748 for both of the years ended December 31, 2024 and 2023. At December 31, 2024 and 2023, accumulated amortization was \$246,971 and \$214,223. The weighted average amortization period is ten years.

#### ***Revenue Recognition***

The Company follows U.S. GAAP revenue recognition guidance which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle of this guidance is that an entity should recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to receive for those promised goods or services. The guidance includes a five-step framework to determine the timing and amount of revenue to recognize related to contracts with customers. In addition, this guidance requires disclosures related to judgments made by entities when following this framework.

#### ***a) Franchise License and Royalty Income***

The Company sells individual franchises that grant the right to develop restaurants in designated locations. The franchise agreements typically require the franchisee to pay initial nonrefundable franchise fees prior to opening the respective restaurant, as well as continuing fees, or royalty income, on a weekly basis based upon a percentage of franchisee gross sales. The initial term of franchise agreements are typically ten years. Prior to the end of the franchise term, or as otherwise provided by the Company, a franchisee may elect to renew the term of a franchise agreement and, if approved, will typically pay a renewal fee upon execution of the renewal term. Generally, the franchise license granted for each individual restaurant within an arrangement represents a single performance obligation.

## Golden Krust Franchising, Inc.

Notes to Consolidated Financial Statements  
December 31, 2024 and 2023

### 2. Summary of Significant Accounting Policies (*continued*)

#### *Revenue Recognition (continued)*

##### *a) Franchise License and Royalty Income (continued)*

Initial franchise fees for each arrangement are allocated to each individual restaurant and recognized over the term of the respective franchise agreement from the date of the restaurant opening. Royalty income is also recognized over the term of the respective franchise agreement based on the royalties earned each period as the underlying sales occur. Fees received or receivable that are expected to be recognized as revenue within one year are classified as current deferred revenue in the consolidated balance sheets. Any royalty revenue that is not paid within 120 days is included with the allowance for credit losses.

##### *b) Advertising Fees*

The Company, under its franchise agreements, typically require the franchisee to pay continuing advertising fees on a weekly basis based on a percentage of franchisee gross sales, which represents a portion of the consideration received in return for continuing advertising support. Continuing advertising fees are recognized over the term of the respective franchise agreement based on the fees earned each period as the underlying sales occur. Any advertising revenue that is not paid within 120 days is included with the allowance for credit losses.

##### *c) Company-Owned Restaurants*

Restaurants sales are recognized at a point in time when the customer exchange cash or cash consideration for food and beverage products. The Company does not have any significant financing components as payment is received at the point of sale for restaurant sales.

#### *Contract Balances*

The Company does not have any material contract assets as of December 31, 2024, and 2023. The Company has deferred franchise fees in the amount of \$1,106,111, \$920,513 and \$957,021 as of December 31, 2024, December 31, 2023, and January 1, 2023.

#### *Advertising Costs*

The Company expenses advertising as incurred. For the year ended December 31, 2024 and 2023, advertising expenses were \$1,060,978 and \$1,683,872 and are included in selling, general, and administrative expenses on the consolidated statements of income and accumulated deficit.

## Golden Krust Franchising, Inc.

Notes to Consolidated Financial Statements  
December 31, 2024 and 2023

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Income Taxes***

The Company and its wholly owned subsidiaries are a "C" Corporation subject to federal, state and city income taxes in the jurisdictions in which it files. These taxes and their effects have been provided for in the accompanying consolidated financial statements.

The Company accounts for income taxes in accordance with the "liability method." Under this method, income taxes consist of taxes currently due plus those deferred due to temporary differences between the financial reporting basis and tax basis of the Company's assets and liabilities measured by enacted tax rates for the years in which the taxes are expected to be paid or recovered. The Company recognizes the benefit from income tax positions taken in its income tax returns only when those positions are believed to be more likely than not to be sustained upon review by the tax authorities. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of a deferred tax asset will not be realized. The Company recognizes interest and penalties on income taxes as a component of income tax expense. Management has determined that the Company had no uncertain tax positions that would require financial statements recognition or disclosure.

The Company is no longer subject to federal, state or local income tax examinations for periods prior to December 31, 2021.

#### ***Leases***

The Company leases office space in White Plains, New York and restaurant space located in Hartford, Connecticut and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use assets ("ROU assets"), and operating lease liabilities on the accompanying consolidated balance sheets.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

The operating leases do not provide an implicit borrowing rate. The Company uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU assets include any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

## Golden Krust Franchising, Inc.

Notes to Consolidated Financial Statements  
December 31, 2024 and 2023

### 2. Summary of Significant Accounting Policies *(continued)*

#### *Leases (continued)*

The Company has elected to recognize payments for short-term leases, if any, with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-used assets on the consolidated balance sheets.

#### *Evaluation by Management*

Management has evaluated subsequent events for disclosure and/or recognition in the consolidated financial statements through the date that the consolidated financial statements were available to be issued, which date was August 13, 2025.

### 3. Inventories

Inventories consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Food and beverage	\$ 16,738	\$ 22,155
Packaging components	<u>1,795</u>	<u>5,862</u>
	<u>\$ 18,533</u>	<u>\$ 28,017</u>

### 4. Property and Equipment

Property and equipment consist of the following as of December 31, 2024 and 2023:

	<u>Useful Life</u>	<u>2024</u>	<u>2023</u>
Leasehold improvements	Lesser of lease life or 10 years	\$ 173,509	\$ 164,044
Equipment	5 years	91,087	91,087
Computer software	5 years	83,753	73,982
Office furniture and fixtures	5 years	<u>51,708</u>	<u>51,708</u>
		400,057	380,821
Less accumulated depreciation and amortization		<u>287,157</u>	<u>257,812</u>
		<u>\$ 112,900</u>	<u>\$ 123,009</u>

Depreciation and amortization expense for the years ended December 31, 2024 and 2023 was \$29,345 and \$39,236.

## Golden Krust Franchising, Inc.

Notes to Consolidated Financial Statements  
December 31, 2024 and 2023

### 5. Note Receivable - Related Party

The Company has a note receivable from a related party (a franchisee) in the amount of \$98,803 and \$101,803 at December 31, 2024 and 2023. This note bears interest at 5.00% per annum. This note was entered into on May 31, 2022 in the amount of \$180,880. A payment of \$50,000 was due within 90 days after execution of the note followed by monthly payments of \$1,500 until fully paid off.

### 6. Income Taxes

At December 31, 2024 and 2023, the Company had a deferred tax asset relating to federal net operating loss carryforwards in the amount of approximately \$2,455,000 and \$1,465,000 for which a full valuation allowance has been recorded. For Federal purposes, the loss carryforwards have no expiration date.

The difference between the statutory and the effective tax rate is primarily due to a change in valuation allowance on deferred taxes, as the Company has fully reserved the deferred tax asset resulting primarily from the uncertainty as to future utilization of available net operating loss carryforward.

Current income tax provisions are as follows for the years ended December 31:

	2024	2023
Federal income tax expense	\$ 16,000	\$ 56,475
State and local tax expense	<u>12,278</u>	<u>19,107</u>
	<u>\$ 28,278</u>	<u>\$ 75,582</u>

### 7. Related Party Transactions *(not disclosed elsewhere)*

The Company, through common ownership, has a relationship with Golden Krust Caribbean Bakery, Inc. ("Bakery"), which provides food products that are sold in the Company's restaurant, as well as restaurants owned by the franchisees of the Company. Additionally, general and administrative functions and resources are provided by Bakery to the Company and are charged to selling, general, and administrative expenses on the consolidated statements of income and accumulated deficit and amounted to \$355,200 and \$142,186 in 2024 and 2023.

During 2024 and 2023, Bakery's sales to the Company-owned restaurant aggregated approximately \$301,763 and \$605,000.

The Company entered into an agreement with Bakery, whereby any related party receivables or payables will accrue interest at a rate of 1% per annum on any balances between the two companies. At December 31, 2024 and 2023, there were payables to Bakery in the amount of \$3,682 and \$75,031. These amounts are included in due to related parties in the accompanying consolidated balance sheets. Interest in these balances, charged to interest expense in the accompanying consolidated statements of income and accumulated deficit totaled \$0 and \$7,630 for 2024 and 2023.

**Golden Krust Franchising, Inc.**

Notes to Consolidated Financial Statements  
December 31, 2024 and 2023

**7. Related Party Transactions (not disclosed elsewhere)**

The Company also has balances due from (to) related parties, through common ownership/management. These related parties consist mainly of real estate holdings that are not consolidated in these financial statements. These amounts primarily consist of non-interest-bearing advances for working capital, lease payments, and allocation of operating expenses. Since there are no scheduled repayment requirements, the receivables and payables balances are classified as noncurrent assets and long-term liabilities in the consolidated balance sheets. At December 31, 2024 and 2023, a total of \$0 and \$51,739 are due to Bakery and are included in due to related parties in the accompanying balance sheets.

The amounts due from related parties are as follows as of December 31:

	2024	2023
Golden Krust Caribbean Bakery, Inc.	\$ 416,704	\$ -
1381 Gunhill, Inc.	85,755	100,559
4120 NW 12 Inc.	1,650	1,650
	\$ 504,109	\$ 102,209

The Company had various payables to Bakery in the ordinary course of business, and in November 2023, the Company converted the payables to Bakery amounting \$5,180,961 to a promissory note. The note has a term of 84 months and will mature on October 31, 2029. For the first 36 months, the Company will pay a monthly installment of \$87,354, which includes 10.5% interest. After 36 months, the monthly installment will be adjusted based on the remaining balance of the note based on prevailing rates. Maturities of this note are as follows for the years ending December 31:

2025	\$ 597,894
2026	663,784
2027	736,935
2028	818,148
2029	1,741,246
	4,558,007
Less current portion	(597,894)
	\$ 3,960,113

## Golden Krust Franchising, Inc.

### Notes to Consolidated Financial Statements December 31, 2024 and 2023

#### 8. Lease Commitments

For the years ended December 31, 2024 and 2023, the Company did not have any leases with variable payments. The operating lease expenses/components for the years ended December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Operating lease cost, including lease expense	\$ 86,460	\$ 104,086

#### Cash flow information:

Cash paid for amounts included in the measurement of liabilities	\$ 85,664	\$ 98,247
ROU assets obtained in exchange for new lease liabilities	-	-

#### Lease term and discount rate:

Weighted-average remaining lease term in years	51.12	10.70
Weighted-average discount rate	2.25%	1.47%

The operating leases have remaining lease terms of 3 years to 95 years as of December 31, 2024.

The future minimum lease payments under non-cancellable operating leases as of December 31, 2024 are as follows:

Year ending December 31,	
2025	\$ 96,013
2026	106,362
2027	14,938
2028	6,000
2029	6,000
Thereafter	<u>533,000</u>
Total future minimum lease payments	762,313
Less imputed interest	<u>346,965</u>
Total lease liability	<u>\$ 415,348</u>

#### 9. Employee Benefit Plan

The Company sponsors a defined contribution 401(k) plan (the "Plan") for all eligible employees. Under the Plan, the Company can make discretionary contributions for all, or part of the employees' contributions. The Company's contributions to the Plan totaled \$56,871 and \$52,365 for the years ended December 31, 2024 and 2023.

## Golden Krust Franchising, Inc.

Notes to Consolidated Financial Statements  
December 31, 2024 and 2023

### 10. Concentrations of Credit Risks

#### ***Business Risk***

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and trade accounts receivable. The Company's cash is held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") and are insured up to \$250,000 per depositor. At times, cash balances may exceed FDIC limits. At December 31, 2024 and 2023, the Company's uninsured cash including restricted cash on deposit totaled \$892,066 and \$329,033.

#### ***Supplier Risk***

At December 31, 2024 and 2023, approximately 27% and 66% of accounts payable was due to two vendors.

Approximately 20% of goods purchased during the years ended December 31, 2024, were purchased from one supplier. Approximately 89% of goods purchased during the year ended December 31, 2023, were purchased from three suppliers.

#### ***Customer Risk***

The Company had no individual customer that accounted for more than 10% of total revenues or accounts receivable for the years ended December 31, 2024 and 2023.

### 11. Litigation

The Company is involved in various court cases and legal proceedings, most of which, the Company believes will have outcomes in its favor. No accrual has been made for potential legal settlements or awards that the Company believes it is entitled to, as they have not yet been received by the Company.

In addition, the Company was a party to a lawsuit with a former franchisee, whose franchise agreements were terminated in 2018 due to material defaults in those agreements, as determined by the Company. The former franchisee filed a demand for arbitration against the Company in October 2022, after the Company prevailed in a prior arbitration in 2018. The Company was awarded approximately \$758,000, plus accrued interest, in that proceeding. The Company was being accused of breaching its franchise agreement, among other related matters.

Subsequent to year end, the Company reached a settlement agreement with the former franchisee in the amount of \$480,000 to be paid over a period of four years. At December 31, 2024, the \$480,000 is included with accrued expenses in the accompanying consolidated balance sheet. In connection with this settlement, the previously awarded, but unpaid, award to the Company of \$758,000 was considered satisfied.

\* \* \* \* \*

**GOLDEN KRUST FRANCHISING, INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAcconnect.com](https://CLAcconnect.com)

**GOLDEN KRUST FRANCHISING, INC.  
TABLE OF CONTENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
<b>CONSOLIDATED BALANCE SHEETS</b>	<b>3</b>
<b>CONSOLIDATED STATEMENTS OF OPERATIONS</b>	<b>5</b>
<b>CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS'     DEFICIT</b>	<b>6</b>
<b>CONSOLIDATED STATEMENTS OF CASH FLOWS</b>	<b>7</b>
<b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>8</b>



## INDEPENDENT AUDITORS' REPORT

Shareholders  
Golden Krust Franchising, Inc.  
White Plains, New York

### **Opinion**

We have audited the accompanying consolidated financial statements of Golden Krust Franchising, Inc., which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, changes in shareholders' deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Golden Krust Franchising, Inc. as of December 31, 2023 and 2022, 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 Golden Krust Franchising, 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 Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated 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 consolidated 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 consolidated 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 Golden Krust Franchising, Inc.'s 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 evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Golden Krust Franchising, Inc.'s 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.



**CliftonLarsonAllen LLP**

Livingston, New Jersey  
February 29, 2024

**GOLDEN KRUST FRANCHISING, INC.  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022**

<b>ASSETS</b>	2023	2022
<b>CURRENT ASSETS</b>		
Cash and Restricted Cash	\$ 768,706	\$ 1,357,728
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$1,627,345 and \$1,020,611	1,002,981	995,682
Notes Receivable, Current Portion	18,000	23,773
Inventory	28,017	33,854
Prepaid Expenses	7,955	10,593
Total Current Assets	1,825,659	2,421,630
<b>PROPERTY AND EQUIPMENT, NET</b>	123,009	229,140
<b>RIGHT-OF-USE OPERATING ASSETS</b>	376,828	568,892
<b>NONCURRENT ASSETS</b>		
Due from Related Parties	102,209	77,718
Goodwill, Net of Accumulated Amortization of \$214,223 and \$181,476, Respectively	113,252	145,999
Notes Receivable, Net of Current Portion and Allowance for Doubtful Accounts of \$227,212 and \$227,212	83,803	103,304
Other Noncurrent Assets	10,960	10,960
Total Noncurrent Assets	310,224	337,981
Total Assets	\$ 2,635,720	\$ 3,557,643

See accompanying Notes to Consolidated Financial Statements.

**GOLDEN KRUST FRANCHISING, INC.**  
**CONSOLIDATED BALANCE SHEETS (CONTINUED)**  
**DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 635,580	\$ 880,096
Current Lease Liability - Operating	79,464	113,319
Accrued Expenses	430,622	450,358
Note Payable - Related Party, Current Portion	538,544	-
Other Current Liabilities	9,328	22,582
Deferred Franchise Fees, Current Portion	124,000	99,675
Total Current Liabilities	1,817,538	1,566,030
<b>LONG-TERM LIABILITIES</b>		
Long-Term Lease Liability - Operating, Less Current Maturities	356,336	510,113
Deferred Franchise Fees, Less Current Portion	796,513	857,346
Amount Owed to Related Parties	126,770	5,725,747
Note Payable - Related Party, Net of Current Portion	4,558,007	-
Total Long-Term Liabilities	5,837,626	7,093,206
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS' DEFICIT</b>		
Common Stock	170,100	170,100
Accumulated Deficit	(5,189,544)	(5,271,693)
Total Shareholders' Deficit	(5,019,444)	(5,101,593)
Total Liabilities and Shareholders' Deficit	\$ 2,635,720	\$ 3,557,643

See accompanying Notes to Consolidated Financial Statements.

**GOLDEN KRUST FRANCHISING, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>REVENUES</b>		
Royalties	\$ 4,094,692	\$ 3,693,105
Advertising Charges	1,718,952	1,503,874
Franchising Fees	122,508	95,050
Total Franchise Revenues	5,936,152	5,292,029
Company Owned Restaurant Sales	2,631,341	2,896,104
Cost of Sales	(1,071,371)	(1,226,078)
Restaurant Gross Profit	1,559,970	1,670,026
<b>GROSS PROFIT</b>	7,496,122	6,962,055
<b>SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES</b>	7,038,995	5,856,268
<b>INCOME FROM OPERATIONS</b>	457,127	1,105,787
<b>OTHER INCOME (EXPENSE)</b>		
Interest Income	188	8,756
Interest Expense	(122,609)	(38,455)
Other Expense	(176,975)	(6,572)
Other Expense, Net	(299,396)	(36,271)
<b>INCOME BEFORE RECOVERIES OF (PROVISION FOR) INCOME TAXES</b>	157,731	1,069,516
<b>RECOVERIES OF (PROVISION FOR) INCOME TAXES</b>	(75,582)	71,877
<b>NET INCOME</b>	\$ 82,149	\$ 1,141,393

See accompanying Notes to Consolidated Financial Statements.

**GOLDEN KRUST FRANCHISING, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	Common Stock*	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
<b>BALANCE - JANUARY 1, 2022</b>	\$ 170,100	\$ (6,413,086)	\$ (9,066)	\$ (6,252,052)
Recognition of Foreign Currency Translation Adjustment in Net Income	-	(9,066)	9,066	-
Net Income	-	1,150,459	-	1,150,459
<b>BALANCE - DECEMBER 31, 2022</b>	170,100	(5,271,693)	-	(5,101,593)
Net Income	-	82,149	-	82,149
<b>BALANCE - DECEMBER 31, 2023</b>	<u>\$ 170,100</u>	<u>\$ (5,189,544)</u>	<u>\$ -</u>	<u>\$ (5,019,444)</u>

\*No par value, 200 shares authorized, 100 shares issued and outstanding at December 31, 2023 and 2022.

*See accompanying Notes to Consolidated Financial Statements.*

**GOLDEN KRUST FRANCHISING, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 82,149	\$ 1,141,393
Adjustments to Reconcile Net Income to Net Cash Used by Operating Activities:		
Depreciation and Amortization Expense	71,983	91,007
Noncash Lease Expense	4,432	54,540
Bad Debt Expense	606,734	196,574
Change in Allowance for Notes Receivable	-	14,999
Loss on Disposal of Equipment	92,339	3,400
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(614,033)	(477,332)
Inventory	5,837	3,715
Prepaid Expenses	2,638	35,908
Other Noncurrent Assets	-	31,812
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(244,516)	277,304
Accrued Expenses	(19,736)	(2,369,929)
Deferred Franchise Fees	(36,508)	(95,050)
Other Current Liabilities	(13,254)	(38,144)
Deferral of Employment Tax Deposits and Payments	-	(50,438)
Employee Retention Credit	-	580,958
Net Cash Used by Operating Activities	(61,935)	(599,283)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(25,444)	(21,215)
Net Cash Used by Investing Activities	(25,444)	(21,215)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (Decrease) in Notes Receivable	25,274	(87,246)
Borrowings on Note Payable - Related Party	5,180,961	-
Repayments on Note Payable - Related Party	(84,410)	-
Increase (Decrease) in Due from Related Party	(24,491)	322
Increase (Decrease) in Due to Related Parties	(5,598,977)	1,604,275
Net Cash Provided (Used) by Financing Activities	(501,643)	1,517,351
<b>EFFECT OF FOREIGN CURRENCY EXCHANGE RATE ON CASH</b>	-	9,066
<b>NET CHANGE IN CASH AND RESTRICTED CASH</b>	(589,022)	905,919
Cash and Restricted Cash - Beginning of Year	1,357,728	451,809
<b>CASH AND RESTRICTED CASH - END OF YEAR</b>	\$ 768,706	\$ 1,357,728

See accompanying Notes to Consolidated Financial Statements.

**GOLDEN KRUST FRANCHISING, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 1 NATURE OF ORGANIZATION AND PRINCIPAL BUSINESS ACTIVITIES**

Golden Krust Franchising, Inc. (the Company) was incorporated on August 8, 1995, under the laws of the state of New York. The Company is primarily engaged in the sale of franchises to individuals who seek to operate Golden Krust Caribbean Restaurants throughout North America. Additionally, as of December 31, 2023 and 2022, the Company had one and two, respectively, Company-owned restaurants operating in North America.

The Company owns 100% of the equity interest in the entities listed in the table below:

<u>Legal Entity</u>	<u>Operations</u>
Golden Krust Caribbean Restaurants, Inc. (Formerly GKB National Inc.)	Holding Company
GK Blue Hills Boston, Inc.	Company Owned Restaurant (Closed June 2023)
GK Hartford, Inc.	Company Owned Restaurant

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The consolidated financial statements (herein, financial statements) have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Principles of Consolidation**

The financial statements include the accounts of the Company and its wholly owned subsidiaries, Golden Krust Caribbean Restaurants, Inc., GK Blue Hills Boston, Inc. and GK Hartford, Inc. All material intercompany accounts and transactions are eliminated in the consolidation.

**Use of Estimates**

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

**Cash and Restricted Cash**

The Company considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents. Cash and restricted cash on the balance sheets includes \$258,713 and \$1,153,034 of restricted cash related to the Company's advertising fund, as of December 31, 2023 and 2022, respectively.

**GOLDEN KRUST FRANCHISING, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Restricted Cash (Continued)**

The Company maintains an advertising fund, which is accounted for separately, as described in the Company's Franchise Disclosure Document (FDD). The Company's franchisee's make monthly contributions to the advertising fund based on a percentage of their respective sales. These funds are segregated to pay for franchise related advertising and cannot be used to defray general operating expenses of the Company, except as otherwise described in the FDD. Any unspent advertising revenues are included in accrued expenses on the balance sheets. As of December 31, 2023 and 2022, there were no accrued advertising expenses, as the Company spent more in advertising than it recognized as advertising revenue from its franchisees.

**Accounts Receivable**

At the beginning of 2023, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses. The Company adopted this new guidance utilizing the modified retrospective transition method. The adoption of the Standard did not have a material impact on the Company's financial statements but did change how the allowance for credit losses is determined. The Company extends credit terms to customers, primarily franchisees, in the normal course of business. The Company performs ongoing credit evaluations of its customers' financial conditions and generally requires no collateral. Accounts receivables are recorded at their estimated net realizable value, net of an allowance for credit losses. The Company's estimate of the allowance for credit losses is based upon historical experience, its evaluation of the current status of receivables, current economic conditions, certain forward looking information and unusual circumstances, if any. Expected credit losses are recorded through a charge to earnings and a credit to the allowance for expected credit losses based on its assessments. Balances that are still outstanding after management has used reasonable collection efforts are written off.

**Inventory**

Inventory consists of Company owned franchise food, beverage, and packing, and is stated at the lower of cost or net realizable value, determined on the first-in, first-out basis.

**Property and Equipment**

Property and equipment are carried at cost less accumulated depreciation and amortization. Maintenance, repairs, and minor renewal costs are charged to operations as incurred; major renewals or improvements over \$5,000 are capitalized. Upon sale or retirement of property and equipment, the Company removes the related costs and accumulated depreciation from the accounts and any gain or loss is included in the results of current operations. Depreciation is computed on a straight-line basis over the estimated useful life of the respective assets, which typically range from five to ten years. Leasehold improvements are amortized over the life of the lease agreement or the estimated useful life of the leasehold improvement, whichever is shorter.

**GOLDEN KRUST FRANCHISING, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurement**

The Fair Value Measurements section of the FASB Accounting Standards Codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

*Level 2* – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets,
- Quoted prices for identical or similar assets or liabilities in inactive markets,
- Inputs other than quoted prices that are observable for the asset or liability, and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

In accordance with the fair value measurements, the Company used the fair value hierarchy for its financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2023 and 2022.

**Impairment of Long-lived Assets**

Long-lived assets, such as property and equipment and ROU operating assets, are reviewed for impairment when changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the carrying amount of the long-lived asset (or asset group) exceeds its fair value and the carrying amount is not recoverable, an impairment loss is recognized. An impairment loss is measured as the amount by which the long-lived asset (or asset group) exceeds its fair value. Fair value is determined through various valuation techniques including undiscounted cash flow models, quoted fair values and third-party independent appraisals.

**GOLDEN KRUST FRANCHISING, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Goodwill**

The Company adopted the alternative method of accounting for goodwill which allows it to amortize goodwill on a straight-line basis over a period of ten years. Goodwill continues to be evaluated and adjusted if events and circumstances indicate that a permanent decline in value below the current unamortized historical cost has occurred. The Company tests goodwill impairment at the entity level. As of December 31, 2023 and 2022, the Company concluded that there was no goodwill impairment. Goodwill relates to a business reorganization that occurred January 1, 2019. Amortization expense was \$32,748 for both of the years ended December 31, 2023 and 2022.

**Revenue Recognition**

The Company evaluates revenue contracts with customers based on the five-step model under Revenue from Contracts with Customers (ASC 606): (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to separate performance obligations; and (5) recognize revenues when (or as) each performance obligation is satisfied. If at any point during the contract term management determines that a contract with enforceable rights and obligations does not exist, revenues are deferred until all criteria for an enforceable contract are met.

**Franchise License and Royalty Income**

The Company sells individual franchises that grant the right to develop restaurants in designated locations. The franchise agreements typically require the franchisee to pay initial, nonrefundable franchise license fees prior to opening the respective restaurant, as well as continuing fees, or royalty income, on a weekly basis based upon a percentage of franchisee gross sales. The initial term of the franchise agreements are typically ten years. Prior to the end of the franchise term, or as otherwise provided by the Company, a franchisee may elect to renew the term of a franchise agreement and, if approved, will typically pay a renewal fee upon execution of the renewal term. Generally, the franchise license granted for each individual restaurant within an arrangement represents a single performance obligation.

Initial franchise fees for each arrangement are allocated to each individual restaurant and recognized over the term of the respective franchise agreement from the date of the restaurant opening. Royalty income is also recognized over the term of the respective franchise agreement based on the royalties earned each period as the underlying sales occur. Fees received or receivable that are expected to be recognized as revenue within one year are classified as current deferred revenue on the balance sheets. Any royalty revenue that is not paid within 30 days is reserved against.

**GOLDEN KRUST FRANCHISING, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

**Advertising Fees**

The Company, under its franchise agreements, typically requires the franchisee to pay continuing advertising fees on a weekly basis based on a percentage of franchisee gross sales, which represents a portion of the consideration received in return for continuing advertising support. Continuing advertising fees are recognized over the term of the respective franchise agreement based on the fees earned each period as the underlying sales occur. Any advertising revenue that is not paid within 30 days is reserved against.

**Company Owned Restaurants**

Restaurant sales are recognized at a point in time when the customer exchange cash or cash consideration for food and beverage products. The Company does not have any significant financing components as payment is received at the point of sale for restaurant sales.

**Advertising Costs**

The Company expenses advertising as incurred. For the years ended December 31, 2023 and 2022, advertising expenses were \$1,683,872 and \$1,263,044, respectively, and are included in selling, general, and administrative expenses on the statements of operations.

**Income Taxes**

The Company and its wholly owned subsidiaries are C corporations subject to federal, state, and local income taxes in the jurisdictions in which it files. These taxes and their effects have been provided for in the accompanying financial statements.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements' carrying amounts of existing assets and liabilities, and their respective tax base. Deferred tax assets and liabilities, as disclosed in Note 6, are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the enactment date. Deferred income tax expense represents the changes during the year in the deferred tax assets and deferred tax liabilities. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion, or all, of the deferred tax assets will not be realized.

The Company evaluated its tax positions and determined it has no uncertain tax positions as of December 31, 2023 and 2022.

**GOLDEN KRUST FRANCHISING, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Adoption of New Accounting Pronouncements**

At the beginning of 2023, the Company adopted FASB ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses. The Company adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Company's consolidated financial statements but did change how the allowance for credit losses is determined.

**Leases**

In February 2016, the FASB issued ASU 2016-02, Leases ("ASC 842"). The standard increases transparency and comparability among organizations by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases.

The standard had a material impact on the consolidated balance sheets but did not have an impact on the consolidated statement of operations and comprehensive loss, nor statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

The Company leases office space and a restaurant location and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current lease liabilities and operating lease liabilities on the balance sheets. The Company does not have any finance leases as of December 31, 2023 and 2022.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Company uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Operating lease expense for lease payments is recognized on a straight-line basis over the lease term.

**GOLDEN KRUST FRANCHISING, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases (Continued)**

Non-lease components are accounted for separately from lease components. Such costs include real estate taxes, insurance, utilities, and maintenance costs in addition to base rent. The Company has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet. The company's lease agreements to not contain any material residual value guarantees or material restrictive covenants. In evaluating contracts to determine if they qualify as a lease, the Company considers factors such as if the Company has obtained substantially all of the rights to the underlying asset through exclusivity, if the Company can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgement.

**Reclassifications**

Certain financial statement reclassifications have been made to the prior year balances to conform to the current year presentation.

**Subsequent Events**

The Company has evaluated its subsequent events and transactions, occurring after December 31, 2023, through February 29, 2024 the date that the financial statements were available to be issued.

**NOTE 3 INVENTORY**

Inventory consists of the following at December 31:

	<u>2023</u>	<u>2022</u>
Food and Beverage	\$ 22,155	\$ 28,994
Packaging	5,862	4,860
Inventory	<u>\$ 28,017</u>	<u>\$ 33,854</u>

**GOLDEN KRUST FRANCHISING, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31:

	<u>Useful Life</u>	<u>2023</u>	<u>2022</u>
Leasehold Improvements	Lesser of Lease Life or 10 Years	\$ 164,044	\$ 368,822
Equipment	5 Years	91,087	165,724
Computer Software	5 Years	73,982	73,982
Office Furniture and Fixtures	5 Years	51,708	67,934
Total		<u>380,821</u>	<u>676,462</u>
Less: Accumulated Depreciation and Amortization		<u>(257,812)</u>	<u>(447,322)</u>
Property and Equipment, Net		<u>\$ 123,009</u>	<u>\$ 229,140</u>

Depreciation and amortization expense for the years ended December 31, 2023 and 2022, was \$39,236 and \$58,259 respectively.

**NOTE 5 NOTES RECEIVABLE FROM RELATED PARTIES**

The Company has various notes receivable with related parties, including franchisees, all included in noncurrent assets. The carrying amounts of these notes receivable are reduced by an allowance that reflects management's best estimate of the amounts that may not be collected based on various factors. The Company had \$101,803 and \$127,077 in notes receivable with related parties due, net of an allowance, at December 31, 2023 and 2022, respectively. These notes bore interest at 10%, but interest is not being accrued on notes receivable that have a full allowance against them.

**NOTE 6 INCOME TAXES**

At December 31, 2023 and 2022, the Company had a deferred tax asset relating primarily to federal net operating loss carryforwards of approximately \$1,465,000 and \$1,428,000 for which a full valuation allowance has been recorded. For federal purposes, the loss carryforwards have no expiration.

The difference between the statutory and the effective tax rate is primarily due to a change in valuation allowance on deferred taxes, as the Company has fully reserved the deferred tax asset resulting primarily from the uncertainty as to the future utilization of available net operating loss carryforwards.

**GOLDEN KRUST FRANCHISING, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 6 INCOME TAXES (CONTINUED)**

Current income tax provisions (recoveries) are as follows for the years ended December 31:

	2023	2022
Federal Income Tax Expense	\$ (56,475)	\$ -
State and Local Tax Recovery (Expense)	(19,107)	71,877
Recovery of (Provision for) Income Taxes	\$ (75,582)	\$ 71,877

**NOTE 7 RELATED PARTIES**

The Company, through common ownership, has a relationship with Golden Krust Caribbean Bakery, Inc. (Bakery), which provides a significant amount of the food and beverage products that are sold in the Company's restaurants, as well as in the franchisees of the Company. Additionally, general and administrative functions and resources are shared between the two companies. These general and administrative expenses, charged to selling, general, and administrative expenses on the consolidated statements of operations, were \$142,186 and \$145,391 during 2023 and 2022, respectively.

During 2023 and 2022, Bakery sales to the Company-owned restaurants aggregated approximately \$605,000 and \$922,000, respectively.

The Company also entered into an agreement with Bakery, whereby any related party receivables or payables will accrue interest at a rate of 1% per annum on any balances between the two companies. At December 31, 2023 and 2022, there were amounts due between the two companies of \$75,031 and \$4,657,186, respectively. Interest on these balances, charged to interest expense in the statements of operations totaled \$7,630 and \$44,615 for 2023 and 2022, respectively.

In November 2023, the Company agreed to pay Bakery \$5,180,961 through a promissory note. The note has a term of 84 months and will mature on October 31, 2029. For the first 36 months, the Company will pay a monthly installment of \$87,354, which includes 10.5% interest. After 36 months, the monthly installment will be adjusted based on the remaining balance of the note based on prevailing rates. The note payable to the related party will be due as follows:

Year Ending December 31,	Operating
2024	\$ 538,544
2025	597,894
2026	663,784
2027	736,935
2028	818,148
Thereafter	1,741,246
Total Note Payable	5,096,551
Less: Current Portion	(538,544)
Note Payable - Related Party, Net of Current Portion	\$ 4,558,007

**GOLDEN KRUST FRANCHISING, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 8 RELATED PARTIES (CONTINUED)**

The Company also has balances due from (to) related parties, through common ownership/management. These related parties consist mainly of real estate holdings that are not consolidated in these financial statements. A total of \$51,739 and \$1,068,561 are due to, and \$102,209 and \$77,718 are due from these related parties as of December 31, 2023 and 2022, respectively. These amounts primarily consist of interest-bearing advances for working capital, lease payments, and allocation of operating expenses. Since there are no scheduled repayment requirements, the receivable and payable balances are therefore classified as noncurrent assets and long-term liabilities on the balance sheets. No interest is charged on these liabilities.

**NOTE 9 LEASES – ASC 842**

The Company leases equipment as well as certain operating and office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2051 and provide for renewal options ranging from three month to six months. Certain facility leases provide for increases in future minimum annual rental payments based on defined increases in Consumer Price Index, subject to certain minimum increases. Additionally, the agreements generally require the Company to pay real estate taxes, insurance, and repairs.

The following table provides quantitative information concerning the Company's leases.

	<u>2023</u>	<u>2022</u>
Lease Expense:		
Operating Lease Expense	<u>\$ 104,086</u>	<u>\$ 127,315</u>
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities		
Operating Cash Flows from Operating Leases	\$ 98,247	\$ 87,184
ROU Assets Obtained in Exchange for New Operating Lease Liabilities	\$ -	\$ 686,739
Weighted-Average Remaining Lease Term in Years for Operating Leases	10.7 Years	9.3 Years
Weighted-Average Discount Rate for Operating Leases	1.47%	1.48%

**GOLDEN KRUST FRANCHISING, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 10 LEASES – ASC 842 (CONTINUED)**

The Company classifies the total undiscounted lease payments that are due in the next twelve months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2023, is as follows:

<u>Year Ending December 31, 2023</u>	<u>Operating</u>
2024	\$ 85,664
2025	96,013
2026	106,362
2027	50,692
2028	6,000
Thereafter	<u>138,000</u>
Total Undiscounted Cash Flows	482,731
Less: Present Value Discount	<u>(46,931)</u>
Total Lease Liabilities	<u><u>\$ 435,800</u></u>

**NOTE 11 EMPLOYEE RETIREMENT PLANS**

Bakery maintains a 401(k) plan for its non-union employees and also allows the Company to adopt its provisions. Eligible employees can contribute to the plan up to the current applicable limit. The Company provides a safe harbor matching contribution of 100% of the employees' salary deferrals that do not exceed 3% of the employees' compensation plus 50% of the employees' salary deferrals between 3% and 5% of their compensation. Safe harbor contributions are 100% vested. The 401(k) expense was approximately \$52,365 and \$50,794 for the years ended December 31, 2023 and 2022, respectively.

**NOTE 12 CONCENTRATIONS OF RISK**

**Business Risk**

The Company maintains its cash balances at financial institutions, which, at times, cumulative balances may exceed insured limits.

**Supplier Risk**

At December 31, 2023 and 2022, approximately 66% and 65% of accounts payable was due to 2 vendors, respectively.

Approximately 89% of goods purchased during the years ended December 31, 2023, were purchased from three suppliers. Approximately 53% of goods purchased during the years ended December 31, 2023, were purchased from one supplier

**GOLDEN KRUST FRANCHISING, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 13 RISKS AND UNCERTAINTIES**

The Company is involved in various court cases and legal proceedings, most of which, the company believes will have outcomes in its favor, or it has already been awarded damages that are being contested by the other party(ies). No accrual has been made for potential legal settlements or awards that the company believes it is entitled to, as they have not yet been received by the Company. In addition, the Company is a party to a lawsuit with a former franchisee, whose franchise agreements were terminated in 2018 due to material defaults in those agreements, as determined by the Company. The former franchisee filed a demand for arbitration against the Company in October 2022, after the Company prevailed in a prior arbitration in 2018. The Company was awarded approximately \$758,000, plus accrued interest, in that proceeding, which to this date, has not been collected. The company is being accused of breaching its franchise agreement, among other related matters. The parties have completed discovery on the first phase, and a hearing is set for April 2024. In the event any claims remain after the hearing and award in the first phase of the arbitration, the parties will set a schedule for the second phase of the arbitration, in which the issues of whether there is any liability and damages will be resolved. The company intends to vigorously defend itself in the arbitration and it is believed that the majority, if not all, of the claims, will be dismissed after the first phase of the arbitration; however, at this stage, if the Company was unsuccessful in its defense, the amount of an unfavorable outcome or range of potential loss cannot be reasonably estimated.

**NOTE 14 SUPPLEMENTARY CASH FLOW INFORMATION**

The following supplementary information relates to the statements of cash flows as of December 31:

	<u>2023</u>	<u>2022</u>
Cash Paid for:		
Interest	<u>\$ 97,929</u>	<u>\$ 47,923</u>
Income Taxes	<u>\$ 51,489</u>	<u>\$ 1,414</u>

## **UNAUDITED FINANCIAL STATEMENTS**

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.



**CONFIDENTIAL - INTERNAL DISTRIBUTION ONLY**

**PRELIMINARY - DRAFT - BEFORE AUDIT REVIEW**

**Golden Krust Franchising, Inc. and Subsidiaries**

Consolidated Financial Statements

For the six months ended June 30, 2025

*Last updated: July 23, 2025 -15:08 PM EST*

*Unaudited - For Internal Use Only*



**Golden Krust Franchising, Inc. and Subsidiaries**  
**Consolidated Statement of Operations**

Amounts in whole USD

	For the six months ended June 30,	
	2025	2024
<b>Revenues</b>		
Royalties	2,192,409	2,222,502
Advertising	979,823	932,645
Franchising Fees	84,935	65,674
Total Franchise Revenues	<u>3,257,167</u>	<u>3,220,821</u>
Company owned restaurant sales	1,256,698	1,128,403
Cost of Sales	<u>(433,994)</u>	<u>(459,956)</u>
Restaurant Gross Profit	<u>822,704</u>	<u>668,447</u>
Total Gross Profit	<u>4,079,870</u>	<u>3,889,268</u>
Selling, general, and administrative	2,622,036	3,504,239
<b>Income (Loss) From Operations</b>	<b>1,457,834</b>	<b>385,029</b>
<b>Other income (expenses)</b>		
Interest income	-	53
Employee retention credit	-	-
Related party loan forgiveness	-	-
Interest expense	(232,992)	(261,891)
Restructuring expense	-	(17,865)
One Time Charges	-	(2,492)
Other income (expenses)	<u>(25,943)</u>	<u>(12,043)</u>
<b>Total other income (expenses), net</b>	<b>(258,934)</b>	<b>(294,239)</b>
<b>Income/(loss) from continuing operations before provision for income taxes</b>	<b>1,198,900</b>	<b>90,790</b>
<b>Recoveries of (Provision for) income taxes</b>	<b>(78,624)</b>	<b>(27,875)</b>
<b>Net income/(loss)</b>	<b>1,120,276</b>	<b>62,915</b>
<b>Other Comprehensive Income (Income)</b>	<u>-</u>	<u>-</u>
<b>Comprehensive /(loss)</b>	<u><b>1,120,276</b></u>	<u><b>62,915</b></u>

*Unaudited - for Internal use only*





**Golden Krust Franchising, Inc.  
Consolidated Balance Sheet**

Amounts in whole USD

	<u>As at June 30,</u> <u>2025</u>	<u>As at December 31,</u> <u>2024</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalent	\$ 1,262,344	\$ 1,260,407
Accounts receivable, net	1,265,795	1,103,116
Notes receivable, short term	18,000	18,000
Inventories	23,822	19,275
Prepaid expenses	16,624	16,155
<b>Total current assets</b>	<b>2,586,585</b>	<b>2,416,954</b>
<b>Equipment and leasehold improvements</b>		
Equipment and leasehold improvements, net	99,658	112,901
<b>Total equipment and leasehold improvements</b>	<b>99,658</b>	<b>112,901</b>
<b>ROU Operating Assets</b>	<b>383,997</b>	<b>383,997</b>
<b>Noncurrent assets</b>		
Due from related parties	998,502	500,427
Goodwill, net	64,130	80,504
Notes receivable, long term	89,303	80,803
Other noncurrent assets	10,960	10,960
<b>Total noncurrent other assets</b>	<b>1,162,895</b>	<b>672,694</b>
<b>Total assets</b>	<b>\$ 4,233,135</b>	<b>\$ 3,586,546</b>
<b>Liabilities and shareholders' deficit</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 173,317	\$ 384,550
Current Lease Liability - Operating	88,175	88,175
Accrued expenses	427,427	452,859
Accrued restructuring	-	-
Short Term Loan - IC Loan from Bakery	629,978	597,894
Deferred employment tax deposits and payments, current portion	-	-
Other current liabilities	24,224	9,896
Deferred franchise fees, current portion	-	-
<b>Total current liabilities</b>	<b>1,343,121</b>	<b>1,533,374</b>
<b>Long-Term liabilities</b>		
Long-term lease liability - operating, less current maturities	327,173	327,173
Long-term Debt - IC Loan from Bakery	3,636,894	3,960,113
Deferred franchise fees, less current portion	1,145,896	1,106,111
Amount owed to related parties	-	-
<b>Total Long-term liabilities</b>	<b>5,109,963</b>	<b>5,393,397</b>
<b>Total liabilities</b>	<b>6,453,083</b>	<b>6,926,771</b>
<b>Commitments and contingencies</b>		
<b>Shareholders' deficit</b>		
Common shares	170,100	170,100
Accumulated deficit	(2,390,049)	(3,510,325)
Accumulated other comprehensive loss	-	-
<b>Total shareholders' deficit</b>	<b>(2,219,949)</b>	<b>(3,340,225)</b>
<b>Total liabilities and shareholders' deficit</b>	<b>\$ 4,233,135</b>	<b>\$ 3,586,546</b>

Unaudited - For Internal Use Only



**EXHIBIT B**

**FRANCHISE AGREEMENT**

**TABLE OF CONTENTS**

<b><u>Section</u></b>	<b><u>Page</u></b>
I. PREAMBLES, ACKNOWLEDGMENTS AND GRANT OF FRANCHISE .....	2
II. SITE SELECTION, LEASE OF PREMISES AND DEVELOPMENT OF RESTAURANT .....	4
III. FEES .....	6
IV. TRAINING .....	7
V. BRAND STANDARDS MANUAL .....	7
VI. MARKS .....	8
VII. CONFIDENTIAL INFORMATION .....	9
VIII. SYSTEM STANDARDS .....	10
IX. ADVERTISING FUND .....	15
X. LOCAL ADVERTISING .....	15
XI. RECORDS, REPORTS AND FINANCIAL STATEMENTS .....	15
XII. INSPECTIONS AND AUDITS .....	16
XIII. TRANSFER .....	17
XIV. NON-DISPARAGEMENT .....	20
XV. TERMINATION OF AGREEMENT .....	20
XVI. OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT .....	22
XVII. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION .....	25
XVIII. ENFORCEMENT .....	26
XIX. NOTICES AND PAYMENTS .....	28
Exhibit A – Owner Information	
Exhibit B – Location	
Exhibit C – Guaranty and Assumption of Obligations	

**FRANCHISE AGREEMENT**

**This agreement is between the Franchisor, Golden Krust Franchising, Inc., a New York corporation (hereinafter referred to by the words Golden Krust, we, us, and ours), and Insert Company Name. (Insert names) (hereinafter referred to by the words Franchisee, you, your, and yours).**

**I. PREAMBLES, ACKNOWLEDGMENTS AND GRANT OF FRANCHISE**

**A. PREAMBLES**

Golden Krust has established a reputation for good, wholesome Caribbean bakery products, Jamaican Patties and West Indian cuisine and is engaged in franchising restaurants that produce and sell these and other products commercially with no compromises in quality under the name Golden Krust Caribbean Bakery & Grill, Golden Krust Jerk ‘N Patties, and Golden Krust Caribbean Restaurant (“Golden Krust Restaurants”).

Golden Krust Franchising, Inc. has developed, in connection with the operation of Golden Krust Restaurants, a system of Caribbean cuisine recipes, baking process, store operation procedures and indemnification schemes that may be changed, improved and further developed from time to time (hereinafter called “Golden Krust System” or “System”).

Golden Krust Franchising, Inc. uses and displays to the public the names and mark “Golden Krust Caribbean Bakery & Grill” along with such other trademarks, signs, symbols and slogans as have been adopted for the use with the Golden Krust System and may be developed and adopted for use with the System in the future (hereinafter collectively called “Golden Krust Marks” or “Marks”).

Franchisee desires to make and sell Golden Krust food products and West Indian cuisine and other Golden Krust menu items, and use the Golden Krust System and Marks at a location identified herein.

Both parties agree that the success of all Golden Krust Caribbean Restaurant are dependent on the continued good reputation of each restaurant; therefore, adherence to the terms of this Agreement, prescribed for the purpose of maintaining a uniformly high standard of product and business quality, is of mutual importance.

**B. ACKNOWLEDGMENTS**

**You represent to us, as an inducement to our entry to this Agreement, that all statements you have made and all materials you have submitted to us in connection with your purchase of the franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise. We have approved of your purchasing a franchise in reliance upon all of your representations.**

\_\_\_\_\_  
Franchisee’s Initials

\_\_\_\_\_  
Franchisee’s Initials

### **C. CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP**

If you are at any time a corporation, limited liability company or partnership, you agree and represent that:

(1) You will have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

(2) Your organizational documents or partnership agreement will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;

(3) Exhibit A to this Agreement will completely and accurately describe all of your owners and their interests in you; and

(4) Each of your owners at any time during the term of this Agreement will execute an agreement in the form that we prescribe undertaking to be bound jointly and severally by all provisions of this Agreement and any ancillary agreements between you and us that bind you. You and your owners agree to execute and deliver to us such revised Exhibits A as may be necessary to reflect any changes in the information contained therein and to furnish such other information about your organization or formation as we may request. Your owners and each of their spouses, if applicable, shall jointly and severally personally guarantee your payment and performance under this Agreement and personally bind themselves to the terms of this Agreement pursuant to the attached Guaranty and Assumption of Obligations (Exhibit C to this Agreement).

### **D. GRANT OF FRANCHISE**

Subject to the terms of and upon the conditions contained in this Agreement, we hereby grant you a franchise (the “Franchise”) to operate a Golden Krust Caribbean Restaurant (Traditional) (the “Restaurant”) at the location identified on Exhibit B herein (the “Premises”), and to use the System in the operation thereof, for a term commencing on the date of this Agreement and expiring ten (10) years from such date, unless sooner terminated in accordance with Section XV hereof or unless your lease for the Premises is terminated sooner.

You agree that you will at all times faithfully, honestly and diligently perform your obligations hereunder, continuously exert your best efforts to promote and enhance the Restaurant and not engage in any other business or activity that conflicts with your obligations to operate the Restaurant in compliance with this Agreement. You may not operate the Restaurant from any site other than the Premises without our prior written consent. If we consent to the Restaurant’s relocation, we have the right to charge you for the reasonable costs and expenses we incur in connection with the relocation.

### **E. RENEWAL**

You may renew the franchise for one (1) additional ten (10) year term on the terms and conditions contained in this agreement provided that the following conditions are first satisfied.

(1) You have the right to remain in possession of the Premises for the renewal term;

(2) You give us written notice of your intention to renew at least six (6) months but not more than twelve (12) months prior to the end of the term of this agreement or any renewal period;

(3) You complete to our satisfaction such maintenance, refurbishing, renovating and remodeling of the Premises and its contents as we may reasonably require, no later than thirty (30) days before the end of the term of this agreement or any renewal period;

(4) As of the end of the term of this agreement or any renewal period you are not in default under this or any other agreement with us or our affiliates and you have met all monetary obligations owing under such agreement throughout their terms and have otherwise substantially complied with your obligations under all such agreements;

(5) You execute a new franchise agreement currently in effect for new franchises at the time of your renewal, pay the renewal fee of \$25,000 and agree to the royalty and other terms therein;

(6) You execute a general release in favor of us, our affiliates and officers, directors and employees.

#### **F. RIGHTS WE RESERVE**

We (and our affiliates) retain the right in our sole discretion:

(1) to establish, and grant to other franchisees the right to establish, Golden Krust Restaurants anywhere other than at the Premises on such terms and conditions as we deem appropriate; and

(2) to sell products identified by the Marks through distribution channels other than Golden Krust Restaurants (including but not limited to, grocery stores, club stores, convenience stores, gas stations and other restaurants).

## **II. SITE SELECTION, LEASE OF PREMISES AND DEVELOPMENT OF RESTAURANT**

### **A. SITE SELECTION**

You acknowledge that you are responsible for locating a site for the Premises. Sites are subject to our approval. You acknowledge and agree that our recommendation or approval of the Premises, and any information regarding the Premises communicated to you, do not constitute a representation or warranty of any kind, express or implied, as to the suitability of the Premises for a Golden Krust Restaurant or for any other purpose. Our recommendation or approval of the Premises indicates only that we believe that the Premises falls within the acceptable criteria for sites and premises. Application of criteria that have appeared effective with respect to other sites and premises may not accurately reflect the potential for all sites and premises, and, after our approval of a site, demographic and/or other factors include in or exclude from our criteria could change, thereby altering the potential of a site and premises. The uncertainty and instability of such criteria are beyond our control, and we will not be responsible for the failure of a site and premises we have recommended or approved to meet expectations as to potential revenue or operational criteria. You acknowledge and agree that your acceptance of the Franchise is based on your own independent investigation of the suitability of the Premises.

We will approve or disapprove a location you propose for the Restaurant within thirty (30) days after we receive the complete site report and other materials requested. If we and you cannot agree upon a

site within one (1) year of your signing our Franchise Agreement, we will terminate your Franchise Agreement and retain your initial franchise fee.

## **B. LEASE OF PREMISES**

You are obligated to deliver a copy of the signed lease to us within fifteen (15) days after its execution. We and our affiliates reserve the right to lease any site that you have located and we have approved and to sublet the premises to you under the same terms and conditions contained in our lease with the landlord. You must have our form lease rider executed (see Exhibit E to the FDD). Any material violation of the lease or sublease that is not cured after notice is given and within the applicable grace periods, as required by the terms of the lease or sublease for the Premises, is a default of this Franchise Agreement.

## **C. DEVELOPMENT OF RESTAURANT**

You are responsible for developing the Restaurant. For purposes of this Franchise Agreement, a “traditional” restaurant shall be defined as a “full service” restaurant operating from a storefront or other permanent building. A “non-traditional” restaurant shall include a Golden Krust Jerk ‘N Patties restaurant. We will furnish you with sample drawings and specifications for your Golden Krust Restaurant, including mandatory and suggested requirements for dimensions, design, image, interior sample drawings, décor, fixtures, equipment, signs, furnishings and color scheme at no cost to you. You are obligated to build or renovate your Restaurant with plans and specifications that have been pre-approved by us. You are obligated to submit construction plans and specifications to us for approval before construction of the Restaurant is commenced and, at our request, to submit all revised or as built plans and specifications during the course of such construction.

You agree, at your own expense, to do the following with respect to developing the Restaurant at the Premises:

- (1) secure all financing required to develop and operate the Restaurant;
- (2) obtain all building, utility, sign, health, sanitation, business and other permits and Licenses required to construct and operate the Restaurant;
- (3) construct all required improvements to the Premises and decorate the Restaurant in compliance with plans and specifications we have approved;
- (4) purchase or lease and install all required fixtures, furniture, equipment, furnishings and signs required for the Restaurant; and
- (5) purchase an opening inventory of authorized and approved food products, materials and supplies.

## **D. FIXTURES, FURNISHINGS, EQUIPMENT AND SIGNS**

You agree to use in developing and operating the Restaurant only those fixtures, furnishings, equipment (including cash registers and computer hardware and software) and signs that we have approved for Golden Krust Restaurants meeting our specifications and standards for quality, design, appearance, function and performance. You agree to place or display at the Premises (interior and exterior) only such signs, emblems, lettering, logos and display materials that we approve from time to time. You agree to

purchase or lease approved brands, types or models of fixtures, furnishings, equipment and signs only from suppliers we have designated or approved (which may include us and/or our affiliates).

#### **E. RESTAURANT OPENING**

You agree not to open the Restaurant for business until:

- (1) we approve the Restaurant as developed in accordance with our specifications and standards;
- (2) pre-opening training has been completed to our satisfaction;
- (3) the initial franchise fee and all other amounts then due to us having been paid; and
- (4) we have been furnished with copies of all insurance policies required by this Agreement or in the Brand Standards Manual, or such other evidence of insurance coverage and payment of premiums as we request or accept.

You agree to open the Restaurant for business within one hundred eighty (180) days after we approve your site and five (5) days after we notify you that the conditions set forth in this Paragraph have been satisfied.

### **III. FEES**

#### **A. INITIAL FRANCHISE FEE**

When you sign this Agreement, you must pay us a nonrecurring initial franchise fee in the amount of Forty Thousand Dollars (\$40,000.00). That amount is fully earned by us upon receipt and is non-refundable.

#### **B. ROYALTY**

You agree to pay us a weekly royalty (“Royalty”) equal to 5% of the Gross Sales or \$250.00, whichever sum is greater. Gross Sales are to be reported on the 3rd business day of the month. We reserve the right to change the frequency of your Gross Sales reporting requirement. Royalties are payable to us by our weekly sweep via authorized electronic funds transfer (EFT) from your operating account based on the Gross Sales of the Restaurant.

#### **C. DEFINITION OF “GROSS SALES”**

As used in this Agreement, the term “Gross Sales” means the aggregate amount of all revenues generated from the sale of all products and services sold and all other income of every kind related to the Restaurant, whether for cash or credit (and regardless of collection in the case of credit), whether from sales on the Premises, by delivery, from catering, or other sales methods (whether the sales method is permitted or not). You may not reduce Gross Sales by the amount of any discounts provided to employees, family members and other businesses that you control. Gross Sales do not include sales taxes or other taxes collected from guests for transmittal to the appropriate taxing authority, proceeds from the sale of gift cards or stored value cards, and guest refunds made in good faith. We reserve the right to modify our policies consistent with restaurant industry practices regarding revenue recognition, revenue reporting, and the inclusion in or exclusion of certain revenue from “Gross Sales” as circumstances, business practices, and technology change. A current list of exclusions can be found in the Brand Standards Manual.

#### **D. INTEREST ON LATE PAYMENTS**

All amounts which you owe us will bear interest after their due date at the rate of one and one-half percent (1.5%) per month or the highest contract rate of interest permitted by law, whichever is less. You acknowledge that this Section does not constitute our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, the Restaurant. Your failure to pay all amounts when due constitutes default of this Agreement, as provided in Section XV hereof, notwithstanding the provisions of this Section.

#### **IV. TRAINING**

##### **A. INITIAL TRAINING**

Initial training in the Golden Krust System, including selection of equipment and suppliers, cooking processes, merchandising, marketing, accounting and basic management shall be provided by us for each person whose signature is on this Agreement (or the Managing Owner, as defined herein) and one (1) person designated as an employee/manager at times and places we shall designate. Golden Krust will provide approximately one week of classroom training; two weeks of in store training at another designated training center or functioning restaurant; and one week in store training at the Franchisee's location during its opening.

##### **B. GENERAL GUIDANCE**

We will advise you from time to time regarding the operation of the Restaurant based on reports you submit to us or inspections we make. In addition, we will furnish guidance to you with respect to:

- (1) standards, specifications and operating procedures and methods utilized by Golden Krust Restaurants;
- (2) purchasing required fixtures, furnishings, equipment, signs, products, materials and supplies;
- (3) advertising and marketing programs including the opening ceremony for your Restaurant, which takes place after opening (the "Grand Opening"); and
- (4) administrative, bookkeeping and accounting procedures.

Such guidance will, at our discretion, be furnished in our operating manual ("Brand Standards Manual"), bulletins or other written materials and/or during telephone consultations and/or consultations at our office or the Restaurant.

#### **V. BRAND STANDARDS MANUAL**

We will loan to you during the term of this Agreement one (1) copy of our Brand Standards Manual, consisting of such materials (including, as applicable, digital format and written materials) that we generally furnish to franchisees from time to time for use in operating a Golden Krust Restaurant. The Brand Standards Manual contains mandatory and suggested specifications, standards, operating procedures and rules ("System Standards") that we prescribe from time to time for the operation of a Golden Krust Restaurant and information relating to your other obligations under this Agreement and related agreements. The Brand Standards Manual may be modified from time to time to reflect changes in System Standards. You agree to keep your copy of the Brand Standards Manual current. In the event of a dispute relating to its contents, the master copy of the Brand Standards Manual we maintain at our principal office will be

controlling. You may not at any time, copy, share, duplicate, record or otherwise reproduce any part of the Brand Standards Manual. If your copy of the Brand Standards Manual is lost, destroyed or significantly damaged, you agree to obtain a replacement copy at our then applicable charge.

## **VI. MARKS**

### **A. OWNERSHIP AND GOODWILL OF MARKS**

Your right to use the Marks is derived solely from this Agreement and limited to your operation of the Restaurant pursuant to and in compliance with this Agreement and all System Standards we prescribe from time to time during its term. Your unauthorized use of the Marks will be a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that your usage of the Marks and any goodwill established by such use will be exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the Restaurant in compliance with this Agreement). All provisions of this Agreement applicable to the Marks apply to any additional proprietary trade and service marks and commercial symbols we authorize you to use.

### **B. LIMITATIONS ON YOUR USE OF MARKS**

You agree to use the Marks as the sole identification of the Restaurant, except that you agree to identify yourself as the independent owner thereof in the manner we prescribe. You may not use any Mark as part of any corporate or legal business name 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 Mark 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 Mark may be used in any advertising concerning the transfer, sale or other disposition of the Restaurant or an ownership interest in you. You agree to display the Marks prominently in the manner we prescribe at the Restaurant, on supplies or materials we designate and in connection with the forms and advertising and marketing materials. You agree to give such notices of trade and service mark registrations as we specify and to obtain any fictitious or assumed name registrations required under applicable law.

### **C. NOTIFICATION OF INFRINGEMENT AND CLAIMS**

You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate, and the right to control exclusively any litigation, U.S. Patent and Trademark Office proceeding or any other administrative proceeding to which you are made a party arising out of any such infringement, challenge or claim or otherwise relating to any Mark, and you agree to indemnify and hold us harmless in connection with any costs and expenses associated with such action. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks.

### **D. DISCONTINUANCE OF USE OF MARKS**

If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice thereof. We will not be obligated

to reimburse you for any loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

## **VII. CONFIDENTIAL INFORMATION**

We possess (and will continue to develop and acquire) certain confidential information (the “Confidential Information”) relating to the development and operation of a Golden Krust Restaurant, which includes (without limitation):

- (1) Recipes, ingredients, cooking methods;
- (2) site selection criteria;
- (3) methods, formats, specifications, standards, systems, procedures used, and knowledge of and experience in developing and operating Golden Krust Restaurants;
- (4) marketing and advertising programs for Golden Krust Restaurants;
- (5) knowledge of specifications for and suppliers of certain fixtures, furnishings, equipment, products, materials and supplies.

You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to utilize Confidential Information disclosed to you in operating the Restaurant during the term of this Agreement, and that the use or duplication of any Confidential Information in any other business would constitute unfair method of competition. You further acknowledge and agree that Confidential Information is proprietary, includes our trade secrets and is disclosed to you solely on the condition that you agree, and you do hereby agree that you:

- (1) will not use Confidential Information in any other business or capacity;
- (2) will maintain the absolute confidentiality of Confidential Information during and after the term of this Agreement;
- (3) will not make unauthorized copies of any portion of Confidential Information disclosed via electronic medium or in written or other tangible form; and
- (4) will adopt and implement all reasonable procedures that we prescribe from time to time to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restrictions on disclosure thereof to Restaurant personnel and others.

All ideas, concepts, techniques or materials relating to a Golden Krust Restaurant, whether or not constituting protectable intellectual property, and whether created by or on behalf of you or your owners, will be promptly disclosed to us, deemed to be our sole and exclusive property and part of the System and deemed to be works made-for-hire for us. You and your owners agree to sign wherever assignment or other documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials.

### **A. EXCLUSIVE RELATIONSHIP**

You acknowledge and agree that we would be unable to protect Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among Golden

Krust Restaurants if franchised owners of Golden Krust Restaurants were permitted to hold interest in or perform services for a Competitive Business (defined below). You also acknowledge that we have granted the Franchise to you in consideration of and reliance upon your agreement to deal exclusively with us. You therefore agree that, during the term of this Agreement, neither you nor any of your owners (nor any of your or your owners' spouses or children) will have a controlling interest in, or perform services for, a Competitive Business, wherever located.

The term "Competitive Business" as used in this Agreement means any business operating, or granting franchises or licenses to others to operate, any restaurant or food service business (other than a Golden Krust Restaurant operated under a franchise agreement with us).

## **VIII. SYSTEM STANDARDS**

### **A. COMPLIANCE WITH SYSTEM STANDARDS**

You acknowledge and agree that your operation and maintenance of the Restaurant in accordance with System Standards are essential to preserve the good will of the Marks and all Golden Krust Restaurants. Therefore, at all times during the term of this Agreement, you agree to operate and maintain the Restaurant in accordance with each and every System Standard, as we periodically modify and supplement them during the term of this Agreement. System Standards may regulate any one or more of the following with respect to the Restaurant:

- (1) design, sample drawings, décor, appearance and lighting; periodic maintenance, cleaning and sanitation; periodic remodeling; replacement of obsolete or worn-out leasehold improvements, fixtures, furnishings, equipment and signs; periodic painting; and use of interior and exterior signs, emblems, lettering and logos and the illumination thereof;
- (2) types, models and brands of required fixtures, furnishings, equipment, signs, materials and supplies;
- (3) required or authorized products, ingredients and product categories;
- (4) designated or approved suppliers (which may be limited to or include us) of fixtures, furnishings, equipment, signs, products, ingredients, materials and supplies;
- (5) terms and conditions of the sale and delivery of, and terms and methods of payment for, products, materials, supplies and services, including direct labor, that you obtain from us, unaffiliated suppliers or others;
- (6) sales, marketing, advertising and promotional programs and materials and media used in such programs;
- (7) use and display of the Marks;
- (8) communication to us of the identities of the Restaurant's management, management and employee training and matters relating to the dress and appearance of employees;
- (9) days and hours of operation of the Restaurant; you are required to have your Restaurant open for business for the minimum hours we require;

(10) participation in market research and testing and product and service development programs;

(11) bookkeeping, accounting, data processing and record keeping systems and forms; methods, formats, content and frequency of reports to us of sales, revenue, financial performance and condition; and furnishing tax returns and other operating and financial information to us;

(12) types, amounts, terms and conditions of insurance coverage required to be carried for the Restaurant and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage for the Restaurant at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims;

(13) complying with applicable laws; obtaining required licenses and permits; adhering to good business practices; observing high standards of honesty, integrity, fair dealing and ethical business conduct in all dealings with customers, suppliers and us; and notifying us if any action, suit or proceeding is commenced against you or the Restaurant; and

(14) regulation of such other aspects of the operation and maintenance of the Restaurant that we determine from time to time to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and Golden Krust Restaurants.

You agree that System Standards prescribed from time to time in the Brand Standards Manual, or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth herein. All references to this Agreement include all System Standards as periodically modified.

## **B. APPROVED PRODUCTS AND SERVICES**

You must offer for sale in the Restaurant all products and services that we designate as required items. You may also offer for sale any optional items and services that we have approved in writing for sale in a Golden Krust Restaurant; however, you may not offer or sell any unapproved products or services. You must sell products only in the weights, sizes, forms, and packaging that we have approved. You must discontinue selling or offering for sale any products or services which we, in our sole discretion, disapprove in writing at any time. If you would like to use or offer products, services, supplies, materials, and/or equipment that we have not approved, you agree to first submit to us a written request for approval and you shall refrain from offering these items at the Restaurant until you have received our written approval. We have the right to require you to use only certain brands and to prohibit you from using other brands. We may modify the list of approved brands and you shall not reorder any brand that is no longer approved.

## **C. SOURCING OF PRODUCTS AND SERVICES**

We have the right to require that all food and beverage items, ingredients, supplies, equipment, furnishings, smallwares, merchandise, promotional items, information technology services, credit card processing services, and other products and services that you purchase for operation of or sale in the Restaurant: (1) meet specifications that we establish; and/or (2) be purchased only from suppliers that we have expressly approved; and/or (3) be purchased only from a manufacturer, wholesaler, distributor, dealer, retailer, or other vendor or source that we designate as the source for particular products or services (a

“Designated Supplier”) (which may be us or an affiliate or a buying cooperative that we organize); and/or (4) establish food commissaries and distribution facilities (directly, through our affiliates, and/or our designees), and designate these as Designated Suppliers or approved suppliers. To the extent that we establish specifications, require approval of suppliers, or name Designated Suppliers for particular items, we will provide the requirements to you in writing. If we elect to name ourselves or an affiliate as the Designated Supplier for a particular item, you must purchase all of your requirements of the item from us or the affiliate. You must submit orders in accordance with the terms and procedures we specify. Any conflicting terms and conditions of sale stated in your purchase order will have no effect. In case of shortages, we will have complete discretion to allocate products among Golden Krust Restaurants (and, at our option, other channels of distribution). If shortages or an event of Force Majeure prevent us from being able to supply your Restaurant with its requirements, you are authorized to purchase supplies from other sources for use at the Restaurant until we are again able to meet the Restaurant’s requirements, provided that the alternative supplies meet our specifications and that we have given prior written approval. At sole our discretion, you agree that we shall have the right to request that any Designated Supplier or any approved suppliers provide us any reports we request including usage reports for products purchased for the Restaurant.

#### **D. SUPPLIER REVIEW PROCESS**

If we require you to use an approved supplier for a particular item, but you wish to purchase the item from a supplier that we have not approved, you may submit a written request for approval of the supplier, unless it is an item for which there is a Designated Supplier. Your written request must include sufficient information, specifications, and samples for our termination whether the product complies with the System Standards and/or the supplier meets our criteria. We have no obligation to review or approve a greater number of suppliers for an item than the number we deem reasonable, and any proposed supplier relationship must not jeopardize the availability of any special pricing or other benefits offered by our existing suppliers based on system-wide purchases. We will provide our standards and specifications to you or to the proposed supplier, subject to the supplier’s execution of a confidentiality agreement in a form acceptable to us. We have the right to inspect the proposed supplier’s facilities and to require delivery of product samples either to us or to an independent laboratory designated by us for testing. Upon completion of our analysis, we will notify you in writing of approval or disapproval of the proposed supplier. You agree to pay a charge not to exceed our reasonable costs incurred in evaluating the supplier, regardless of whether or not we approve the supplier. You may not purchase, sell, or offer for sale any products or services of the proposed supplier until you receive our written approval of the proposed supplier. We have the right to re-inspect the facilities and products of any approved supplier and to revoke approval upon the supplier’s failure to meet any of our then-current criteria. If you receive a notice of revocation of approval, you agree to cease purchasing products from the disapproved supplier and, in the case of revocation based on the failure of the supplier’s products to meet our standards, you agree to dispose of your remaining inventory of the disapproved supplier’s products as we direct.

#### **E. PROPRIETARY ITEMS**

You acknowledge and agree that any proprietary items (“Proprietary Items”) that we may specify for sale at the Restaurant are manufactured in accordance with our secret blends, standards, and specifications, and are Proprietary Items of ours and/or our affiliates. To maintain the high standards of quality, taste, and uniformity associated with any Proprietary Items sold under the System, you agree to buy Proprietary Items only from a Designated Supplier, and not to offer or sell any items that are similar to (but not the same as) Proprietary Items at or from the Restaurant. In connection with the handling, storage, transport and delivery of any Proprietary Items that you buy from us, our affiliates or designee(s), you agree that any action (or inaction) by a third party (e.g., an independent carrier) in connection with the handling,

storage, transport and delivery of the Proprietary Items shall not be attributable to us, nor constitute negligence on our part.

#### **F. REBATES**

We may negotiate purchasing arrangements under which suppliers agree to make services, products, equipment, materials and other goods and services available to Golden Krust Restaurants. Subject to applicable law, we may earn money from the suppliers based on your purchases in the form of rebates, commissions, or other payments. You acknowledge that these payments compensate us for the cost of negotiating and maintaining the purchasing arrangements with the suppliers and that, subject to applicable laws, we have no obligation to remit the funds to you.

#### **G. CATERING, DELIVERY, AND OTHER PROGRAMS**

We have the right (but no obligation) to establish Restaurant delivery, catering, fundraising, and/or delivery programs either on our own or in conjunction with one or more outside vendors. You must offer any on-line ordering and delivery options we require. Other programs we establish may be mandatory or optional. You must use any approved technology, equipment (such computer or POS related equipment) or software we require and comply with all other rules and procedures that we specify. You must pay any fees and costs associated with participating in these programs. We may define designated service areas for these programs. We can modify or terminate these programs by notice to the participating restaurants.

#### **H. COMPLIANCE WITH LAWS AND TAXES**

(1) You must operate the Restaurant in full compliance with all applicable municipal, county, state and federal laws, rules, regulations and ordinances. You have sole responsibility for compliance despite any information or advice that we may provide.

(2) You, on behalf of yourself and your owners, agree to comply with and/or to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, you, on behalf of yourself and your owners, certify, represent, and warrant that none of your respective property or interests are “blocked” under any of the Anti-Terrorism Laws and that neither you nor any of your owners are in violation of any of the Anti-Terrorism Laws. You also agree not to knowingly hire or do business with (or continue to employ or do business with) any party who is blocked under any of the Anti-Terrorism Laws. The term “Anti-Terrorism Laws” means Executive Order 13224 issued by the President of the United States, as supplemented, the USA PATRIOT Act, and all other laws and regulations addressing or in any way relating to terrorist acts and/or acts of war.

(3) You must promptly pay when due all taxes levied or assessed, including unemployment and sales taxes, and all accounts and other indebtedness incurred in the operation of the Restaurant. In the event of any bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law, but in no event will you permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor, to occur against the Restaurant.

(4) You must immediately notify us in writing of the commencement of any action, suit, or proceeding and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality that may adversely affect the operation or financial condition of the Restaurant.

## **I. HEALTH AND SAFETY STANDARDS**

You must meet and maintain the highest health and safety standards and ratings applicable to the operation of the Restaurant, and furnish to us, within two (2) days after receipt thereof, a copy of each and every health department, or similar agency, health inspection report and fire department inspection report. You must notify us by telephone within twenty-four (24) hours and confirm in writing within two (2) days, after receiving notice of any investigation or violation concerning any zoning, health, narcotics laws, or fire department laws and regulations.

## **J. MANAGERS**

You must designate an individual to serve as your Managing Owner. Your Managing Owner is obligated to participate personally in the direct operation of the Restaurant on a full-time basis, must complete any training program we require to our satisfaction and satisfy any other criteria we designate in the Manual, and must have authority to bind you with respect to all financial, operational and legal matters related to the Restaurant and this Agreement. You may employ a Manager to assist you in the Restaurant's day-to-day operations. Your Manager must have completed our initial training satisfactorily. Your Manager need not have an equity interest in the Restaurant but must agree in writing to preserve the confidentiality of any confidential information to which he or she has access. If any Manager no longer qualifies as such, you must designate another qualified person to act as a Manager within thirty (30) days after the date the prior Manager ceases to be qualified.

## **K. TECHNOLOGY**

You must acquire and install in the Restaurant, at your own expense, the point of sale (POS) system, back office computer, and other computer equipment, digital menu boards, communications devices, audio/visual equipment and software systems that we specify in writing from time to time. You must: (1) maintain an electronic connection between your systems and our systems and provide us with all user IDs and passwords necessary for us to independently access files and other information stored on your systems; (2) use the systems in accordance with all policies and operational procedures we issue from time to time; (3) transmit data to us at the times we specify; (4) maintain your systems in good working order at all times; (5) promptly install upgrades, additions, changes, modifications, substitutions and/or replacements of hardware, software, data connectivity, electrical power, and other computer-related facilities as we direct; (6) ensure that your employees are adequately trained in the use of such systems and our related policies and procedures; and (7) implement at all times appropriate physical and electronic security as is necessary to secure your computer system and to comply any standards and policies that we may issue (without obligation to do so) in this regard. You will be required to register for and use the Golden Krust app through LevelUP, which provides professional and marketing services, including without limitation the design, development, execution, hosting and support of a franchisor guest identification, loyalty, and/or rewards program utilizing custom-branded consumer mobile applications integrated to the LevelUP customer engagement and relationship management platform. You must not install any software to your systems that we have not authorized, including anti-virus software and firewalls. You must bear all costs of installation, operation, maintenance and upgrade of your systems. We reserve the right to require you to engage us or a hardware maintenance and/or help desk support provider approved by us to maintain your computer and point of sale systems. We have the right, but not the obligation, to develop or have developed for us, or to designate, software programs that you must use in connection with your computer and POS systems. You must install all such software, including any updates, supplements, modifications, or enhancements that we require. We and our suppliers may charge a reasonable software license fee for any software that you are required to use. Each party to this Agreement acknowledges and agrees 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, you agree that we will have the right to

establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree to comply with those reasonable new standards that we establish as if we periodically revised this Section VIII.K. for that purpose.

#### **IX. ADVERTISING FUND**

You agree to pay to us a weekly advertising fee equal to One- and one-half percent (1.5%) of the Gross Sales of the Restaurant, payable to us by our sweep via authorized electronic funds transfer (EFT) from your operating account. This advertising fee shall accompany each weekly royalty payment, but will be segregated by us in a special account maintained solely for the advertising fund. All interest earned on monies contributed to the Advertising Fund will be used to pay advertising costs before other assets of the Advertising Fund are expended. We will prepare an unaudited annual statement of monies collected and costs incurred by the Advertising Fund and furnish it to you upon written request. We have the right to cause the Advertising Fund to be incorporated or operated through a separate entity at such time as it deems appropriate, and the successor entity will have all of the rights and duties described here. If the Advertising Fund is terminated, all unspent monies on the date of termination will, at our discretion, be spent or distributed to franchisees in proportion to their respective contributions to the Advertising Fund during the preceding twelve (12) month period.

The advertising fund will be spent only for the preparation, purchase and placement of advertising, including but not limited to preparing and producing video, audio and written advertising materials, administering regional and multi-regional advertising, purchasing direct mail and other media advertising and employing advertising promotion and marketing agencies to provide assistance and supporting public relations, market research and other advertising, promotion and marketing activities, except for such reasonable salaries, administrative costs, travel expenses and overhead as we incur in administering the fund. The Advertising Fund periodically will furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges. The fund is intended to further recognition and acceptance of the Golden Krust name, marks and products, and we reserve the sole discretion in administering the fund as well as for the creation, design, development, selection and placement of advertising.

#### **X. LOCAL ADVERTISING**

You acknowledge that extensive local marketing and advertising efforts are necessary to the success of your Restaurant. You agree to expend 1% of the annual gross revenues from the operation of your Restaurant on local marketing, including but not limited to, digital marketing. You agree to advertise and promote your restaurant only in a manner that will reflect favorably on Golden Krust and its good name and reputation. You further agree to submit to Golden Krust for its prior approval all proposed advertising to be utilized by you. If you do not receive written disapproval within fifteen (15) days after we receive the materials, we will be deemed to have given the required approval. You may not use any advertising, promotional materials or web-based advertising that we have disapproved.

#### **XI. RECORDS, REPORTS AND FINANCIAL STATEMENTS**

You agree to establish and maintain at your own expense a bookkeeping, accounting and record keeping system conforming to the requirements and formats we prescribed from time to time. You agree to furnish to us on such forms that we prescribe from time to time:

(1) On the 3rd business day of the month, a report on the Restaurant's Gross Sales during the immediately preceding calendar month, provided that we reserve the right to change the frequency of this reporting requirement;

(2) within fifteen (15) days after the end of each calendar month, a profit and loss statement for the Restaurant for the immediately preceding calendar month and year-to-date and a balance sheet as of the end of such month;

(3) within ninety (90) days after the end of the Restaurant's fiscal year, annual profit and loss and source and use of funds statements and a balance sheet for the Restaurant as of the end of such fiscal year;

(4) within ten (10) days after our request, exact copies of federal and state income and other tax returns and such other forms, records, books and other information we may periodically require; and

(5) within seven (7) days of our request, all point of sales records, sales tax returns and bank statements. You agree to maintain these records for a period of seven (7) years from the date of creation of same.

We also maintain the right to poll sales data through your cash register or other computerized polling system.

## **XII. INSPECTIONS AND AUDITS**

### **A. OUR RIGHT TO INSPECT THE RESTAURANT**

To determine whether you and the Restaurant are complying with this Agreement and all System Standards, we and our designated agents have the right at any time during your regular business hours, and without prior notice to you, to:

- (1) inspect the Restaurant; and
- (2) remove samples of any products, materials or supplies for testing and analysis.

### **B. OUR RIGHT TO AUDIT**

We have the right at any time during your business hours, and without prior notice to you, to inspect and audit, or cause to be inspected and audited, your (if you are a corporation, limited liability company or partnership) and the Restaurant's business, bookkeeping and accounting records, sales and income tax records and returns and other records. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. In the event such inspection or audit is made necessary by your failure to furnish reports, supporting records or other information as herein required, or to furnish such items on a timely basis, or in the further event that the audit reveals that you have understated Gross Sales by two percent (2%) or more, you agree to reimburse us for the cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law.

### **XIII. TRANSFER**

#### **A. BY US**

This Agreement is fully transferable by us and will benefit any transferee or other legal successor to our interests herein.

#### **B. BY YOU**

You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a corporation, limited liability company or partnership, to your owners) and that we have granted the Franchise to you in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither this Agreement (or any interest therein) nor any ownership or other interest in you or the Restaurant may be transferred without our prior written approval. Franchisor has sole discretion in approving any transfer. Any transfer without such approval constitutes a breach of this Agreement and is void and of no effect. However, Franchisor approval will not be unreasonably withheld. As used in this Agreement, the term "transfer" includes your (or your owners') voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in:

- (1) this Agreement;
- (2) you; or
- (3) the Restaurant.

An assignment, sale, gift or other disposition includes the following events:

- (a) transfer of ownership of capital stock or a partnership interest;
- (b) merger or consolidation or issuance of additional securities or interests representing an ownership interest in you;
- (c) any issuance or sale of your stock or any security convertible to your stock;
- (d) transfer of interest in you, this Agreement or the Restaurant in a divorce, insolvency or corporation or partnership dissolution proceeding or otherwise by operation of law;
- (e) transfer of an interest in you, this Agreement or the Restaurant, in the event of your death or the death of one of your owners, by will, declaration of or transfer in trust or under the laws of intestate succession; or
- (f) pledge of this Agreement (to someone other than us) or of an ownership interest in you as security, foreclosure upon the Restaurant or your transfer, surrender or loss of possession, control or management of the Restaurant.

#### **C. CONDITIONS FOR APPROVAL OF TRANSFER**

Our approval for a transfer shall be conditioned upon the following:

- (1) you be then in full compliance with the terms of this and any other agreement between us including but not limited to complying with all current system standards and you or the transferee paying

to us a transfer fee of \$10,000.00. In addition, you and the transferee must sign all agreements we require (which may include an assignment agreement or a new franchise agreement (or the remainder of the term of this Agreement)).

(2) the transferee and its owners meeting our then-current criteria for franchisees, having adequate financial resources, aptitude, experience and otherwise being capable of operating a Golden Krust Restaurant.

(3) you submitting all proposed advertisements for the sale or other disposition of the franchise to us for written approval, our approval shall not be unreasonably withheld;

(4) you paying all amounts owed to us and our affiliates and all other creditors of your Golden Krust Restaurant;

(5) you executing a general release of us, our affiliates and officers, directors and employees; and

(6) the transferee purchasing all of your assets used in the Golden Krust Restaurant, assuming all of your existing business liabilities including liabilities owed to us and assuming your lease.

(7) you or your proposed transferee agreeing to update, remodel and refurbish your Restaurant to reflect the then current design and trade dress of Golden Krust Restaurants.

(8) we have approved the material terms and conditions of such transfer and determine that in our business judgment the price and terms will not adversely affect the transferee's operation of the franchise.

Franchisor has sole discretion in approving any and all transfers.

#### **D. TRANSFER TO A WHOLLY-OWNED CORPORATION OR LIMITED LIABILITY COMPANY**

Notwithstanding Paragraph C of this Section, if you are in full compliance with this Agreement, you may transfer this Agreement to a corporation or limited liability company which conducts no business other than the Restaurant and, if applicable, other Golden Krust Restaurants, in which you maintain management control and of which you own and control one hundred (100%) of the equity and voting power of all issued and outstanding capital stock or other ownership interests, and further provided that all assets of the Restaurant are owned, and the entire business of the Restaurant is conducted, by a single corporation or limited liability company. Transfer of ownership interests in such corporation or limited liability company will be subject to the provisions of Paragraph C of this Section. Notwithstanding anything to the contrary herein, you agree to remain personally liable under this Agreement as if the transfer of such corporation or limited liability company had not occurred.

#### **E. YOUR DEATH OR DISABILITY**

(1) Transfer Upon Death Disability. Upon your death or disability or, if you are a corporation, limited liability company or partnership, the death or disability of the owner of a controlling interest in you, your or such owner's executor, administrator, conservator, guardian or other personal representative must transfer your interest in this Agreement or such owner's interest in you to a third-party. Such disposition of this Agreement or the interest in you (including, without limitation, transfer by bequest or inheritance) must be completed within a reasonable time, not to exceed six (6) months from the date of death or

disability, and will be subject to all of the terms and conditions applicable to transfers contained in this Section. A failure to transfer your interest in this Agreement or the ownership interest in you within this period of time constitutes a breach of this Agreement. For purposes hereof, the term “disability” means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or an owner of a controlling interest in you from managing and operating the Restaurant.

(2) **Operation Upon Death or Disability.** If, upon your death or disability or the death or disability of the owner of a controlling interest in you, the Restaurant is not being managed by a trained manager, your or such owner’s executor, administrator, conservator, guardian or other personal representative must within a reasonable time, not exceed fifteen (15) days from the date of death or disability, appoint a manager to operate the Restaurant. Such manager will be required to complete training at your expense. Pending the appointment of a manager as provided above or if, in our judgment, the Restaurant is not being managed properly any time after your death or disability or after the death or disability of the owner of a controlling interest if you, we have the right, but not the obligation, to appoint a manager for the Restaurant. All funds from the operation of the Restaurant during the management by our appointed manager will be kept in a separate account, and all expenses of the Restaurant, including compensation, other costs and travel and living expenses of our manger, will be charged to this account. We also have the right to charge a reasonable management fee (in addition to the Royalty and Advertising Fund contributions payable under this Agreement) during the period that our appointed manager manages the Restaurant. Operation of the Restaurant during any such period will be on your behalf, provided that we only have a duty to utilize our best efforts and will not be liable to you or your owners for debts, losses or obligations incurred by the Restaurant or to any of your creditors for any products, materials, supplies or services the Restaurant purchases during any period it is managed by our appointed manager.

#### **F. EFFECT OF CONSENT TO TRANSFER**

Our consent to a transfer of this Agreement and the Restaurant or any interest in you does not constitute a representation as to the fairness of the terms of any contract between you and the transferee, a guarantee of the prospects of success of the Restaurant or transferee or a waiver of any claims we may have against you (or your owners) or of our right to demand the transferee’s exact compliance with any of the terms or conditions of this Agreement.

#### **G. OUR RIGHT OF FIRST REFUSAL**

If you (or any of your owners) at any time determine to sell, assign or transfer for consideration an interest in this Agreement and the Restaurant or an ownership interest in you, you (or such owner) agree to obtain a good faith, executed written oral offer and earnest money deposit (in the amount of five percent (5%) or more of the offering price) from a responsible and fully disclosed offeror.

We have the right, exercised by written notice delivered to you or your selling owner(s) within thirty (30) days from the date of the delivery to us of both an exact copy of such offer and all other information we request, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that:

- (1) we may substitute cash for any form of payment proposed in such offer;
- (2) our credit will be deemed equal to the credit of any proposed purchaser;
- (3) we will have not less than sixty (60) days after giving notice to our election to purchase to prepare for closing; and

(4) we are entitled to receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable.

If we exercise our right of first refusal, you and your selling owner(s) agree that, for a period of three (3) years commencing on the date of the closing, you and they will be bound by the noncompetition covenant contained in Section XVI.D. hereof. You and your selling owner(s) further agree that you and they will, during this same time period, abide by the restrictions of Section XVI.E of this Agreement.

If we do not exercise our right of first refusal, you or your owners may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to our approval of the transfer as provided in Paragraphs B and C of this Section, provided that, if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of such offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the thirty (30) day period following either the expiration of such one hundred twenty (120) day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option.

#### **XIV. NON-DISPARAGEMENT**

During and after the term of this Agreement, Franchisee and its owners agree not to (and to use best efforts to cause current and former shareholders, members, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, affiliates, successors and assigns not to) (i) disparage or otherwise speak or write negatively, directly or indirectly, of Franchisor, its affiliates, any of Franchisor's or its affiliates' directors, officers, employees, representatives or affiliates, the Golden Krust brand, the Golden Krust System, any Golden Krust Restaurant, any business using the Marks, or (ii) take any other action which would, directly or indirectly, subject the Golden Krust brand to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact the goodwill of Franchisor, the Golden Krust System or any Golden Krust Restaurant, or which would constitute an act of moral turpitude. The provisions of this Section survive expiration or termination of this Agreement.

#### **XV. TERMINATION OF AGREEMENT**

##### **A. BY YOU**

You do not have the right to terminate this Agreement.

##### **B. BY US**

We have the right to terminate this Agreement, effective upon delivery of written notice of termination to you, if:

(1) you (or any of your owners) have made any material misrepresentation or omission in connection with your purchase of the Franchise;

(2) you (or your Managing Owner) fail to successfully complete initial training to our satisfaction;

(3) you fail to begin operating the Restaurant within one hundred eighty (180) calendar days after the execution of the Lease Agreement;

(4) you abandon or fail actively to operate the Restaurant for two (2) or more consecutive business days, unless the Restaurant has been closed for a purpose we have approved or because of casualty or government order;

(5) you surrender or transfer control of the operation of the Restaurant without our prior written consent;

(6) you (or any of your owners) are or have been convicted of, or plead or have pleaded no contest to, a felony;

(7) you (or any of your owners) engage in any dishonest or unethical conduct which may adversely affect the reputation of the Restaurant or other Golden Krust Restaurants or the good will associated with the Marks;

(8) you (or any of your owners) make an unauthorized assignment of this Agreement or of an ownership interest in you or the Restaurant;

(9) in the event of your death or disability or the death or disability of the owner of a controlling interest in you, this Agreement or such owner's interest in you is not assigned as herein required;

(10) you lose the right to possession of the Premises;

(11) you (or any of your owners) make an unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Brand Standards Manual in violation of this Agreement;

(12) you violate any health, safety or sanitation law, ordinance or regulation and do not begin to cure the noncompliance or violation immediately, and correct such noncompliance or violation within two (2) hours, after written notice thereof is delivered to you; however, in the event that the franchisor deems the violation an immediate threat to human life, it shall have the authority to immediately close down the restaurant until the situation is contained in its discretion;

(13) you fail to make payments of any amounts due to us and do not correct such failure within ten (10) days after written notice of such failure is delivered to you;

(14) you fail to pay when due any federal or state income, service, sales or other taxes due on the operations of the Restaurant, unless you are in good faith contesting your liability of such taxes;

(15) you (or any of your owners) fail to comply with any provision of this Agreement or any other franchise or other agreement you have with us or any System Standard and do not correct such failure within thirty (30) days after written notice of such failure to comply is delivered to you;

(16) you (or any of your owners) fail on three (3) or more separate occasions within any period of twelve (12) consecutive months to submit when due reports or other data, information or supporting records, to pay when due any amounts due to us or otherwise to comply with this Agreement, whether or not such failures to comply were corrected after written notice of such failure was delivered to you; or

(17) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; the Restaurant is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy

is vacated within thirty (30) days; or any order appointing a receiver, trustee or liquidator of you or the Restaurant is not vacated within thirty (30) days following the entry of such order.

(18) you sell any competitor product. We reserve the right to remove any such product from the Restaurant, including any customer-facing areas, immediately. Competitor product shall be defined as products that conflict with our Krust proprietary seasonings, bakery items, or patties. Selling competitor product shall result in an immediate termination of your Franchise Agreement.

## **XVI. OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT**

### **A. PAYMENT OF AMOUNTS OWED TO US**

You agree to pay us within fifteen (15) days after the effective date of termination or expiration of this Agreement, or on such later date that the amounts due to us are determined, such Royalties, Advertising Fund contributions, amounts owed for purchases from us, interest due on any of the foregoing and all other amounts owed to us which are then unpaid. Moreover, upon the Franchisor's pre-mature termination of this agreement and/or Franchisor's termination of this Agreement for any of the offenses enumerated in Sections XV.B. ¶¶ 1-18, the Franchisee shall pay to the Franchisor within 30 days of the date of the termination, as liquidated damages for the premature termination of this agreement and not as a penalty, an amount equal to the average Royalty and advertising fees owed by you for the two year period prior to termination (or, if the Restaurant was open for less than two years, the average Royalty and advertising fees owed by you for the number of weeks the Restaurant was in operation) multiplied by the lesser of thirty-six (36) months or the number of months remaining in the term of the franchise agreement .

### **B. MARKS**

Upon the termination or expiration of this Agreement:

(1) you may not directly or indirectly at any time or in any manner (except with respect to other Golden Krust Restaurants you own and operate) identify yourself or any business as a current or former Golden Krust Franchisee, or as one of our licensees or franchisees, use any Mark, any colorable imitation thereof in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that indicates or suggests a connection or association with us;

(2) you agree to take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(3) if we do not have or do not exercise an option to purchase the Restaurant pursuant to Section XVI.E., you agree to deliver to us within thirty (30) days after, as applicable, the effective date of expiration of this Agreement or the Notification Date (as defined in Paragraph E(1) of this Section) all signs, sign-faces, sign-cabinets, marketing materials, forms and other materials containing any Mark or otherwise identifying or relating to a Golden Krust Restaurant and allow us, without liability to you or third parties, to remove all such items from the Restaurant.

(4) if we do not have or do not exercise an option to purchase the Restaurant pursuant to Section XVI.E., you agree that, after, as applicable, the effective date of expiration of this Agreement or the Notification Date, you will promptly and at your own expense make such alterations we specify to distinguish the Restaurant clearly from its former appearance and from other Golden Krust Restaurants so as to prevent confusion therewith by the public;

(5) if we do not have or do not exercise an option to purchase the Restaurant pursuant to Section XVI.E., you agree that, after, as applicable, the effective date of expiration of this Agreement or the Notification Date, you will notify the telephone company and all telephone directory publishers, as well as all online portals and social media of the termination or expiration of your right to use any telephone numbers or other telephone directory listings associated with any Mark.

### **C. CONFIDENTIAL INFORMATION**

You agree that, upon termination or expiration of this Agreement, you will immediately cease to use any of our Confidential Information in any business or otherwise and return to us all copies of the Brand Standards Manual and any other confidential materials that we have loaned to you.

### **D. COVENANT NOT TO COMPETE**

Upon

- (1) our termination of this Agreement in accordance with its terms and conditions,
- (2) expiration of this Agreement (if we offer, but you elect not to acquire, a successor franchise), or

(3) your sale or transfer of the Restaurant pursuant to the provisions of Section XII.B hereof, you and your owners agree that, for a period of two (2) years commencing on the effective date of termination or expiration or the date on which a person restricted by this Paragraph begins to comply with this Paragraph, whichever is later, neither you nor any of your owners will have any direct or indirect interest (e.g., through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent or in any other capacity in any Competitive Business (as defined in Section VII above) operating

- (a) at the Premises;
- (b) within ten (10) miles of the Premises; or
- (c) within five (5) miles of any other Golden Krust Restaurant in operation or under construction on the later of the effective date of the termination or expiration or the date on which a person restricted by this Section complies with this Section.

If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the two (2) year period will commence with the entry of an order of an arbitrator, or Court if necessary, enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living.

If we find it necessary to enforce the provisions of Section XVI, you acknowledge that the Court has the power to enjoin you, your officers, agents, servants, employees and all others in active concert or participation with you.

## **E. OUR RIGHT TO PURCHASE RESTAURANT**

### **(1) Exercise of Option**

Upon the termination or expiration of this Agreement in accordance with its terms and conditions, we have the option, exercisable by giving written notice thereof to you within sixty (60) days from the date of such termination or expiration, to purchase the Restaurant from you, including the leasehold rights to the Premises. (The date on which we notify you whether or not we are exercising our option is referred to in this Agreement as the "Notification Date".) We have the unrestricted right to assign this option to purchase the Restaurant. We will be entitled to all customary warranties and representations in connection with our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

### **(2) Leasehold Rights**

You agree at our election:

- (a) to assign your leasehold interest in the Premises to us; or
- (b) to enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the prime lease.

### **(3) Purchase Price**

The purchase price for the Restaurant will be its fair market value, determined in a manner consistent with reasonable depreciation of the Restaurant's equipment, signs, inventory, materials and supplies, provided that the Restaurant will be valued as an independent business and its value will not include any value for:

- (a) the franchise or any rights granted by this Agreement;
- (b) the Marks; or
- (c) participation in the network of Golden Krust Restaurants.

The Restaurant's fair market value will include the goodwill you developed in the market of the Restaurant that exists independent of the goodwill of the Marks and the System. The length of the remaining term of the lease for the Premises will also be considered in determining the Restaurant's fair market value.

We may exclude from the assets purchased hereunder cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonable necessary (in function or quality) to the Restaurant's operation or that we have not approved as meeting standards for Golden Krust Restaurants, and the purchase price will reflect such exclusions.

### **(4) Appraisal**

If we and you are unable to agree on the Restaurant's fair market value, its fair market value will be determined by an independent appraiser appointed by mutual agreement, and the determination of the appraiser will be binding.

The purchase price will be paid at the closing of the purchase, which will take place not later than ninety (90) days after determination of the purchase price. We have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or our owners owe to us. At the closing you agree to deliver instruments transferring to us:

- (a) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with sales and other transfer taxes paid by you; and
- (b) all licenses and permits of the Restaurant which may be assigned or transferred; and
- (c) the leasehold interest in the Premises and improvements thereon.

If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow. You and your owners further agree to execute general releases, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns.

#### **F. CONTINUING OBLIGATION**

All of our and your (and your owner's and affiliates') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

### **XVII. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION**

#### **A. INDEPENDENT CONTRACTORS**

You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, 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 conspicuously identify yourself in all dealings with customers, suppliers, public officials, Restaurant personnel and others as the owner of the Restaurant under a franchise we have granted and to place such notices of independent ownership on such forms, business cards, stationery and advertising and other materials as we may require from time to time.

#### **B. INDEMNIFICATION**

You agree to indemnify, defend and hold harmless us, our affiliates and our respective shareholders, directors, officers, employees, agents, successors and assignees (the "Indemnified Parties") against and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages described in this Paragraph, any and all taxes and any and all claims and liabilities directly or indirectly arising out of the Restaurant's operation of your breach of this Agreement. For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses in order to maintain and recover fully a claim against you. You agree that a failure to pursue such remedy or mitigate a loss will in no way reduce or alter the amount we may recover from you by way of indemnity.

## **XVIII. ENFORCEMENT**

### **A. WAIVER OF OBLIGATIONS**

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other of such other effective date stated in the notice of waiver. Any waiver we grant will be without prejudice to any other rights we may have, will be subject to our continuing review and may be revoked, in our sole discretion, at any time and for any reason, effective upon delivery to you of ten (10) days' prior written notice.

We and you will not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including, without limitation, the right to demand exact compliance with every term, condition and covenant herein or to declare any breach thereof to be a default and to terminate this Agreement prior to the expiration of its term)-by virtue of any custom or practice at variance with the terms hereof; our or your failure, refusal or neglect to exercise any right under this Agreement or to insist upon exact compliance by the other with our and your obligations hereunder, including, without limitation, any System Standard; our waiver, forbearance, delay, failure or omission to exercise any right, power or option, whether of the same, similar or different nature, with respect to other Golden Krust Restaurants; the existence of other franchise agreements for Golden Krust Restaurants which contain different provisions from those contained herein; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will constitute a waiver, compromise, settlement or account and satisfaction. We are authorized to remove or obliterate any legend or endorsement, and such legend or endorsement will have no effect.

Neither we nor you will be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our or your obligations results from:

- (1) transportation shortages, inadequate supply of equipment, products, supplies, labor, material or energy or the voluntary foregoing to the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof;
- (2) acts of God;
- (3) fires, strikes, embargoes, war or riot; or
- (4) any other similar event or cause.

Any delay resulting from any of said causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said cause will not excuse payments of amounts owed at the time of such occurrence or payment of Royalties due on any sales thereafter.

**B. COSTS AND ATTORNEYS' FEES**

If we incur expenses in connection with your failure to pay when due amounts owed to us, to submit when due any reports, information or supporting records or otherwise to comply with this Agreement, you agree to reimburse us for any of the costs and expenses which we incur, including, without limitation, reasonable accounting, attorneys', arbitrators' and related fees.

**C. YOU MAY NOT WITHHOLD PAYMENTS DUE TO US**

You agree that you will not withhold payment of any amounts owed to us on the grounds of our alleged nonperformance of any of our obligations hereunder. You agree that all such claims will, if not otherwise resolved by us, be submitted to arbitration as provided in Paragraph F of this Section.

**D. RIGHTS OF PARTIES ARE CUMULATIVE**

Our and your rights hereunder are cumulative, and no exercise or enforcement by us or you of any right or remedy hereunder will preclude our or your exercise of enforcement of any other right or remedy hereunder which we or you are entitled by law to enforce.

**E. ARBITRATION**

Except for controversies, disputes or claims related to our based on your use of the Marks after the expiration or termination of this Agreement, all controversies, disputes or claims between us and our shareholders, officers, directors, agents and employees and you (your owners, guarantors, affiliates and employees, if applicable) arising out of or related to:

- (1) This Agreement or any other agreement between you and us or any other provision of any such agreement;
- (2) Our relationship with you;
- (3) The validity of this agreement or any other agreement between you and us or any provision of any such agreement; or
- (4) Any system standard relating to the establishment or operation of the Restaurant will be submitted for arbitration to the White Plains, New York office of the American Arbitration Association on demand of either party. Such arbitration proceedings will be conducted in White Plains, New York and, except as otherwise provided in this Agreement, will be heard by one arbitrator in accordance with the then current commercial arbitration rules of the American Arbitration Association. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. § § 1 se seq.) and not by any state arbitration law.

The arbitrator will have the right to award or include in his award any relief which he deems proper in the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs, provided that the arbitrator will not have the right to declare any mark generic or otherwise invalid or, except as otherwise provided in Paragraph I of this Section, to award exemplary or punitive damages. The award and decision of the arbitrator will be conclusive and binding upon all parties hereto, and judgment upon the award may be entered in any court of competent jurisdiction.

Notwithstanding anything to the contrary contained in this paragraph, we and you each have the right in a proper case to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that we and you must contemporaneously submit our dispute for arbitration on the merits as provided herein.

This franchise agreement provides that disputes are resolved through arbitration.

#### **F. GOVERNING LAW**

Except to the extent governed by the Federal Arbitration Act as required hereby, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et. seq.) or other federal law, this Agreement, the franchise and all claims arising from the relationship between us and you will be governed by the laws of the State of New York, without regard to its conflict of laws principles, except that any New York law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this paragraph.

#### **G. BINDING EFFECT**

This Agreement is binding upon us and you and our respective executors, administrators, heirs, beneficiaries, assigns and successors in interest and may not be modified except by written agreement signed by you and us.

#### **H. CONSTRUCTION**

The preambles and exhibits are a part of this Agreement which, together with the Brand Standards and our other written policies, constitutes our and your entire agreement except as provided below, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement. Nothing in this Agreement or in any related agreement is intended to disclaim the franchisor's representations made in the Franchise Disclosure Document.

#### **XIX. NOTICES AND PAYMENTS**

All written notices, reports and payments permitted or required to be delivered by the provisions of this Agreement or the Brand Standards Manual will be deemed so delivered:

- (1) at the time delivered by hand;
- (2) one (1) business day after transmission by electronic system;
- (3) one (1) business day after being placed in the hands of a commercial courier service for next business day delivery; or
- (4) three (3) business days after the placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, posted prepaid; and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified.

***[SIGNATURES ON FOLLOWING PAGE]***



**EXHIBIT A  
TO THE FRANCHISE AGREEMENT**

Effective Date: This Exhibit A is current and complete as of \_\_\_\_\_, 20\_\_

You and Your Owners

1. Form of Owner.

(a) Proprietorship. Your owner(s) (is) (are) as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(b) \_\_\_\_\_ You were incorporated or formed on [INSERT] , under the laws of the State of . You have not conducted business under any name other than your corporate, limited liability company or partnership name and \_\_\_\_\_. The following is a list of your directors, if applicable, and officers as of the effective date shown above:

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

2. Owners. The following list includes the full name and mailing address of each person who is one of your owners (as defined in the Franchise Agreement) and fully describes the nature of each owner's interest.

Owner's Name and Address	Description of Interest
_____	_____
_____	_____
_____	_____
_____	_____

**EXHIBIT B  
TO THE FRANCHISE AGREEMENT**

A new Golden Krust Caribbean Restaurant store located at

---

---

---

**EXHIBIT C  
TO THE FRANCHISE AGREEMENT**

**GUARANTY AND ASSUMPTION OF OBLIGATIONS**

THIS GUARANTEE AND ASSUMPTION OF OBLIGATIONS is given this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith (the "Agreement") by Golden Krust Franchising, Inc. ("us", "we" or "our"), each of the undersigned hereby personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that [INSERT NAME] ("Owner") will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each of the undersigned consents and agrees that: (1) his direct and immediate liability under this guaranty will be joint and several; (2) he will render any payment or performance required under the Agreement upon demand if Owner fails or refuses punctually to do so; (3) such liability will not be contingent or conditioned upon our pursuit of any remedies against Owner or any other person; and (4) such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Owner 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 will in any way modify or amend this guaranty, which will be continuing and irrevocable during the term of the Agreement.

Each of the undersigned waives all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Owner arising as a result of the undersigned's execution of and performance under this guaranty.

IN WITNESS WHEREOF, each of the undersigned has affixed his signature on the same day and year as the Agreement was executed.

GUARANTOR(S)

\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT C**

**STATE-SPECIFIC ADDENDA TO THE DISCLOSURE DOCUMENT AND FRANCHISE  
AGREEMENT**

**STATE-SPECIFIC ADDENDA TO THE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT**

Each provision of these Addenda to the Disclosure Document and Addenda to the Franchise Agreement is effective only to the extent (with respect to each provision) that that state franchise law would apply to your franchise rights, without reference to the Addenda.

## MARYLAND DISCLOSURE DOCUMENT ADDENDUM

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the undersigned acknowledge and agree that the attached GOLDEN KRUST FRANCHISE DISCLOSURE DOCUMENT for use in the State of Maryland is amended to include the following:

1. Item 5, “Initial Fees”, is amended by adding the following language:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

2. Item 17, “Renewal, Termination, Transfer and Dispute Resolution”, is amended by adding the following language:

Any provision requiring you to sign a general release of claims against us as a condition of renewal or transfer, does not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise or development rights.

You may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Item 22 is amended by adding the following language:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

4. To the extent this Addendum is deemed to be inconsistent with the Disclosure Document, the terms of this Addendum shall govern.

## MARYLAND FRANCHISE AGREEMENT ADDENDUM

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached GOLDEN KRUST FRANCHISE AGREEMENT dated \_\_\_\_\_ (“**Franchise Agreement**”) agree as follows:

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Franchisee was made in the State of Maryland; **(B)** Franchisee is a resident of the State of Maryland; and/or **(C)** a Restaurant will be located or operated in the State of Maryland.

2. The following sentence is added to the end of Section III.A, under the heading “Initial Franchise Fee”:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

3. The following sentence is added to the end of Section XIII.C, under the heading “Transfer”:

The general release requirement excludes only such claims as Franchisee may have under the Maryland Franchise Registration and Disclosure Law.

4. The following sentence is added to the end of Section XVIII.E, under the heading “Arbitration”:

Notwithstanding the foregoing, Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. The following is added as Section XX. (Representations):

**REPRESENTATIONS.** Representations in this Agreement are not intended to, nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum shall govern.

8. Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Franchise Agreement.

9. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

10. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**FRANCHISOR:**  
GOLDEN KRUST FRANCHISING, INC.  
a New York corporation

**FRANCHISEE:**  
COMPANY NAME  
a state corporation/limited liability company

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

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

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

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

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

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

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

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

## NEW YORK DISCLOSURE ADDENDUM

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT E OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or

expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

5. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**:

You may terminate the agreement on any grounds available by law.

6. The following is added to the end of the “Summary” section of Item 17(j) , titled **“Assignment of contract by franchisor”**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

7. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16, are met independently without reference to these Additional Disclosures.

## NEW YORK FRANCHISE AGREEMENT ADDENDUM

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached GOLDEN KRUST FRANCHISE AGREEMENT dated \_\_\_\_\_ (“**Franchise Agreement**”) agree as follows:

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to you was made in the State of New York; **(B)** you are a resident of the State of New York; and/or **(C)** the Restaurant will be located in the State of New York.

2. Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Sections 680 – 695, may not be enforceable.

3. The following sentence is added to the end of Section XIII.A., under the heading “Transfer”:

We will not assign our rights under this Agreement, except to an assignee who in our good faith and judgment is willing and able to assume our obligations under this Agreement.

4. The following sentence is added to the end of Section XIII.C., under the heading “Transfer”:

Any provision in this Agreement requiring you to sign a general release of claims against us does not release any claim you may have under New York General Business Law, Article 33, Sections 680-695.

5. The following sentence is added to the end of Section XVIII.E, under the heading “Arbitration”:

Our right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.

6. To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum shall govern.

7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

8. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

9. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Agreement on the same date as the Agreement was executed.

**FRANCHISOR:**  
GOLDEN KRUST FRANCHISING, INC.  
a New York corporation

**FRANCHISEE:**  
COMPANY NAME  
a state corporation/limited liability company

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

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

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

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

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

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

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

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

## **VIRGINIA DISCLOSURE DOCUMENT ADDENDUM**

In recognition of the Virginia Retail Franchising Act, the Franchise Disclosure Document for use in the Commonwealth of Virginia shall be amended to include the following:

1. Item 17, Additional Disclosure. The following is added to Item 17(h):

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a Franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

2. Item 22, Additional Disclosure. The following statement is added to Item 22:

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

This Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently, without reference to this Additional Disclosure.

**EXHIBIT D**

**LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

## LIST OF STATE ADMINISTRATORS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

<p><b>CALIFORNIA</b>          Commissioner of Financial Protection and Innovation          Department of Financial Protection and Innovation          320 West Fourth Street, Suite 750          Los Angeles, California 90013-2344          (213) 576-7500 / Toll Free: (866) 275-2677          Email: ASK.DFPI@dfpi.ca.gov          Website: <a href="http://www.dfpi.ca.gov">http://www.dfpi.ca.gov</a></p>	<p><b>NEW YORK</b>          NYS Department of Law          Investor Protection Bureau          28 Liberty St. 21st Fl          New York, NY 10005          (212) 416-8222</p>
<p><b>HAWAII</b>          Commissioner of Securities          Department of Commerce &amp; Consumer Affairs          Business Registration Division          Securities Compliance Branch          335 Merchant Street, Room 203          Honolulu, Hawaii 96813          (808) 586-2722</p>	<p><b>NORTH DAKOTA</b>          North Dakota Securities Department          State Capitol          Department 414          600 East Boulevard Avenue, Fourteenth Floor          Bismarck, North Dakota 58505-0510          (701) 328-4712</p>
<p><b>ILLINOIS</b>          Illinois Office of the Attorney General          Franchise Bureau          500 South Second Street          Springfield, Illinois 62701          (217) 782-4465</p>	<p><b>RHODE ISLAND</b>          Department of Business Regulation          Securities Division, Building 69, First Floor          John O. Pastore Center          1511 Pontiac Avenue          Cranston, Rhode Island 02920          (401) 462-9527</p>
<p><b>INDIANA</b>          Secretary of State          Franchise Section          302 West Washington, Room E-111          Indianapolis, Indiana 46204          (317) 232-6681</p>	<p><b>SOUTH DAKOTA</b>          Division of Insurance          Securities Regulation          124 South Euclid Avenue, 2<sup>nd</sup> Floor          Pierre, South Dakota 57501          (605) 773-3563</p>
<p><b>MARYLAND</b>          Office of the Attorney General          Securities Division          200 St. Paul Place          Baltimore, Maryland 21202-2020          (410) 576-6360</p>	<p><b>VIRGINIA</b>          State Corporation Commission          Division of Securities and Retail Franchising          1300 East Main Street, 9th Floor          Richmond, Virginia 23219          (804) 371-9051</p>
<p><b>MICHIGAN</b>          Michigan Attorney General’s Office          Corporate Oversight Division, Franchise Section          525 West Ottawa Street          G. Mennen Williams Building, 5<sup>th</sup> Floor          Lansing, Michigan 48913          (517) 335-7567</p>	<p><b>WASHINGTON</b>          Department of Financial Institutions          Securities Division          P.O. Box 41200          Olympia, Washington 98504-1200          (360) 902-8760</p>
<p><b>MINNESOTA</b>          Minnesota Department of Commerce          85 7<sup>th</sup> Place East, Suite 280          St. Paul, Minnesota 55101          (651) 539-1600</p>	<p><b>WISCONSIN</b>          Division of Securities          4822 Madison Yards Way, North Tower          Madison, Wisconsin 53705          (608) 266-2139</p>

**AGENTS FOR SERVICE OF PROCESS**

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents in some of the states listed.

<p><b>CALIFORNIA</b>          Commissioner of Financial Protection and Innovation          Department of Financial Protection and Innovation          320 West Fourth Street, Suite 750          Los Angeles, California 90013-2344          (213) 576-7500 / Toll Free: (866) 275-2677          Email: ASK.DFPI@dfpi.ca.gov          Website: http://www.dfpi.ca.gov</p>	<p><b>NEW YORK</b>          New York Secretary of State          One Commerce Plaza          99 Washington Avenue          Albany, NY 12231          (518) 473-2492</p>
<p><b>HAWAII</b>          Commissioner of Securities          Department of Commerce &amp; Consumer Affairs          Business Registration Division          Securities Compliance Branch          335 Merchant Street, Room 203          Honolulu, Hawaii 96813          (808) 586-2722</p>	<p><b>NORTH DAKOTA</b>          North Dakota Securities Commissioner          State Capitol          Department 414          600 East Boulevard Avenue, Fourteenth Floor          Bismarck, North Dakota 58505-0510          (701) 328-4712</p>
<p><b>ILLINOIS</b>          Illinois Attorney General          500 South Second Street          Springfield, Illinois 62701          (217) 782-4465</p>	<p><b>RHODE ISLAND</b>          Director of Department of Business Regulation          Department of Business Regulation          Securities Division, Building 69, First Floor          John O. Pastore Center          1511 Pontiac Avenue          Cranston, Rhode Island 02920          (401) 462-9527</p>
<p><b>INDIANA</b>          Secretary of State          Franchise Section          302 West Washington, Room E-111          Indianapolis, Indiana 46204          (317) 232-6681</p>	<p><b>SOUTH DAKOTA</b>          Division of Insurance          Director of the Securities Regulation          124 South Euclid Avenue, 2<sup>nd</sup> Floor          Pierre, South Dakota 57501          (605) 773-3563</p>
<p><b>MARYLAND</b>          Maryland Securities Commissioner          200 St. Paul Place          Baltimore, Maryland 21202-2020          (410) 576-6360</p>	<p><b>VIRGINIA</b>          Clerk of the State Corporation Commission          1300 East Main Street, 1<sup>st</sup> Floor          Richmond, Virginia 23219          (804) 371-9733</p>
<p><b>MICHIGAN</b>          Michigan Attorney General’s Office          Corporate Oversight Division, Franchise Section          525 West Ottawa Street          G. Mennen Williams Building, 5<sup>th</sup> Floor          Lansing, Michigan 48913          (517) 335-7567</p>	<p><b>WASHINGTON</b>          Director of Department of Financial Institutions          Securities Division – 3<sup>rd</sup> Floor          150 Israel Road, Southwest          Tumwater, Washington 98501          (360) 902-8760</p>
<p><b>MINNESOTA</b>          Commissioner of Commerce          Minnesota Department of Commerce          85 7<sup>th</sup> Place East, Suite 280          St. Paul, Minnesota 55101          (651) 539-1600</p>	<p><b>WISCONSIN</b>          Division of Securities          4822 Madison Yards Way, North Tower          Madison, Wisconsin 53705          (608) 266-2139</p>

**EXHIBIT E**

**FORM OF RIDER TO LEASE**

**FORM RIDER TO LEASE**

**THIS RIDER** dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_ by and among GOLDEN KRUST FRANCHISING, INC. (the “Franchisor”), \_\_\_\_\_ (“Landlord”), and \_\_\_\_\_ (\_\_\_\_\_,) (“Tenant”).

Landlord and Tenant are parties to that certain Lease Agreement dated as of \_\_\_\_\_ herein after called the “Lease,” relating to the premises described in the said lease at this address: \_\_\_\_\_ (“Premises”).

Tenant is a franchisee of Franchisor under a Golden Krust Franchise Agreement between Franchisor and Tenant dated \_\_\_\_\_ (the “Franchise Agreement”) relating to the operation of a franchised Golden Krust Caribbean Restaurant at the Premises.

Landlord hereby grants certain rights to Franchisor under the Lease to protect the Franchisor's interest under the Franchise Agreement.

**NOW, THEREFORE,** in consideration of the foregoing and of the mutual covenants hereinafter set forth the parties agree as follows:

1. Possession. Upon a default by Tenant under the Lease or under the Franchise Agreement, in the event of a default by Tenant under any instrument securing the Franchise Agreement, or upon expiration of the Franchise Agreement, Franchisor has the right to take possession of the Premises.
2. Notices of Default. Landlord shall mail, upon transmission or within three (3) days of receipt, by first class mail, postage prepaid, to Franchisor at the address below, copies of all written notices of default sent to or received from Tenant:

Golden Krust Franchising, Inc.,  
399 Knollwood Road, Suite 115  
White Plains, New York 10603  
Attn.: Lorraine Hawthorne-Morrison

3. Right to Cure. If Tenant is in default under the Lease, Franchisor may (but shall be under no obligation to) within the cure period set forth in the Lease, cure such default and take immediate occupancy of the Premises without Landlord consent, except Franchisor shall cure any default before occupancy. Franchisor may at any time after taking occupancy, re-let the Premises to another franchisee with Landlord's written approval of the new tenant, which consent shall not be unreasonably withheld or delayed.
4. Right to Assign. Tenant may assign its interest under the Lease and all rights and obligations thereunder at any time to Franchisor without Landlord's consent provided all defaults are cured. Franchisor shall be permitted to assign the Lease and all rights and obligations thereunder to another franchisee upon Landlord's written approval of the new tenant which approval shall not be unreasonably withheld or delayed.

5. Franchisor Liability. Tenant and Landlord acknowledge and agree that Franchisor shall have no liability or obligation whatsoever under the Lease unless and until Franchisor assumes the Lease in writing pursuant to Section 3 or Section 4.
6. Acknowledgment of Rights. Landlord acknowledges Franchisor's right, upon reasonable notice to Landlord, to enter the Premises to take such steps as may be necessary to protect Franchisor's interest under the Franchise Agreement including the removal of any signs and other Proprietary Marks of Franchisor (without damage to the Premises) at Franchisor's own risk cost and expense. Landlord hereby agrees not to interfere with or prevent such entry by Franchisor, its employees or agents.
7. Modification of Lease. Landlord and Tenant will not make any material modifications to the Lease without Franchisor's prior written consent, which consent shall not be unreasonably withheld or delayed.
8. Conflict. In case of any inconsistency between the terms this Rider and the terms of the Lease, the terms of this Rider shall control.
9. Binding Effect. This Rider shall be binding upon the personal representatives, heirs, successors and assign of the parties hereto.

**IN WITNESS WHEREOF**, this Rider has been executed the date and year written below.

**FRANCHISOR:  
GOLDEN KRUST FRANCHISING, INC.**

By \_\_\_\_\_  
LORRAINE HAWTHORNE-MORRISON  
As CHIEF ADMINISTRATIVE OFFICER

**LANDLORD:**

By \_\_\_\_\_  
Name:  
Title:

**TENANT:**

By \_\_\_\_\_  
Name:  
Title:

**EXHIBIT F**

**TABLE OF CONTENTS OF BRAND STANDARDS MANUAL**



**TABLE OF CONTENTS**  
**BRAND STANDARD MANUAL PACKAGE**

VOLUME 1	PRE-OPENING ACTIVITIES MANUAL
VOLUME 2	DESIGN & CONSTRUCTION MANUAL
VOLUME 3	RESTAURANT OPERATIONS MANUAL
VOLUME 4	PERSONNEL MANUAL
VOLUME 5	MARKETING MANUAL
VOLUME 6	RECIPE MANUAL
VOLUME 7	TRAINING MANUAL

**VOLUME 1 – PRE-OPENING ACTIVITIES MANUAL  
TABLE OF CONTENTS**

**WELCOME & INTRODUCTION**

Manual Receipt	01
Read This Page First	02
Letter from the President	03
Tables and Illustrations	04
How to Use This Package	05
About the Manuals	07
• Purpose	07
Confidentiality	07

**SECTION 1: FRANCHISE OVERVIEW**

**SECTION 1.1 GETTING THE MOST FROM YOUR MANUAL**

Pre-opening Manual	08
Design & Construction Manual	08
Restaurant Operations Manual	08
Personnel Manual	08
Marketing Manual	08
Recipe Manual	09
Training Manual	09
Reproduction	09
Goal of this Franchise System	09

**SECTION 1.2: THE FRANCHISE ORGANIZATION**

Chief Executive Officer	10
Chief Administrative Officer	10
Executive Director, Restaurant Operations	10
Director, Franchise Development	10
Director, Compliance	11
Director, Marketing & PR	11
Director, Training & Development	11

**SECTION 1.3: COMPANY MARKS**

Correct Usage	12
Forming Legal Entities	12
Printed Material	13
Incorrect or Unauthorized Usage	13
Usage When Advertising	13

**SECTION 1.4 YOUR RESPONSIBILITIES**

Responsibilities to Employees	13
Responsibilities to Customers	14

Responsibilities to Franchisor	14
Responsibilities to Yourself	15

**SECTION 2: PRE-OPENING CHECKLISTS**

**SECTION 2.1 HOW TO USE THE CHECKLIST**

How to Get What You Need	16
Using the Checklist	16
Week 1 (after signing Agreement )	17
Week 2 (After signing Agreement )	19
Fourteen weeks before opening	20
Thirteen weeks before opening	21
Twelve weeks before opening	22
Eleven weeks before opening	23
Ten weeks before opening	24
Nine weeks before opening	25
Eight weeks before opening	25
Seven weeks before opening	25
Six weeks before opening	26
Five weeks before opening	26
Four weeks before opening	26
Three weeks before opening	27
Two weeks before opening	27
One week before opening	27
Opening Week	28

**SECTION 3: SITE SELECTION PROCESS**

Assessing the Area	29
Ideal Demographics Range	29
Site Profile	30
Traffic Count and Traffic Volume	30
Site Criteria	30
Restaurant Types	31
Building & Utilities Profile	31

**SECTION 4: LEASE SIGNING**

Submitting Proposals	32
Relevant Information	33
The Standard Shell	33
Negotiable Criteria	33
Sample Lease Proposal	35
Comparing Leases	36
Lease Term	36
Rental Cost	36
Rent Increase	36

Lease Renewal	37
Insurance (who is responsible)	37
Building Services	37
Who Pays for Improvements	38
Additional Costs	38
Another Party's Lease	38
Personal Guarantee	38

## SECTION 5: BANK SERVICES

Features & Services	39
Accessibility	39
Assessing Friendliness to Small Business	39
Other Features & Services	39
Accounts in Your Business Name	40
General Accounts	40
Payroll Taxes & Sales Tax Accounts	40
Check Authorization Services	40

## SECTION 6: CONTRACTOR SERVICES

Identifying a Quality Contractor	41
• Making Comparisons	41
Licensed, Bonded and Insured	42
Bids	42
Evaluate Bids	42
Reference Checks	42
Hiring Your Contractor	43
What Your Contract Should Include	43
Contractor's Insurance Requirements	44

## SECTION 7: INSURANCE COVERAGE

### 7.1 REQUIRED COVERAGE

General Liability Insurance	45
Professional Liability Insurance	45

### 7.2 EMPLOYEE BENEFITS COVERAGE

Disability Insurance	45
Group Health Insurance	45
Group Term Life Insurance	46

### 7.3 DESIRABLE COVERAGE

Key Person Insurance	46
Rent Insurance	46

### 7.4 SUMMARY

Compare Policies	46
The Value of an Insurance Plan	46

## SECTION 8: UTILITIES AND SERVICES

Electricity	48
Water	48
Telephone	48
Trash Removal	49

## SECTION 9: EQUIPMENT & INVENTORY

### 9.1 STORE GOODS

Furniture, fixtures, equipment and supplies	50
Food items	50

### 9.2 INITIAL INVENTORY EXPENSES

Tables	51
Equipment & Fixtures	51
Baking Supplies	52
Waste Supplies	53
Cleaning Supplies	54
Other Supplies	56

### 9.3 SELECTED FOOD ITEMS

Beverages	57
Proteins	57
Dry Goods	57

### 9.4 REQUIRED SIGN

Outside	58
Inside	58

## SECTION 10: LICENSES, PERMITS, AND REGULATIONS

### 10.1 FEDERAL REQUIREMENTS

Federal Tax Identification Number	59
Form W-4 For Employees	59
Metropolitan Commuter Transport Mobility	60
Form I-9 For Employees	60
Form 1099 For Independent Contractors	60
State Requirements	60
NYS Labor Law	60

### 10.2 STATE REQUIREMENTS

State Tax Identification Number	60
Workers' Compensation Insurance	61
Seller's Permit	61

**10.3 REGISTRATION FOR UNEMPLOYMENT  
INSURANCE CREDIT**

The Federal Unemployment Tax Act 62

**10.4 COUNTY & LOCAL REQUIREMENTS**

City business license 62  
Health Department License 62

Employees Food Handlers' Permit 62  
Building Permit 62

**10.5 REQUIRED LABOR POSTERS**

Federal Postings 63  
State Postings 63

## VOLUME 2– DESIGN AND CONSTRUCTION MANUAL TABLE OF CONTENTS

### SECTION 1: INTRODUCTION

Introduction	3
--------------	---

### SECTION 2: DESIGN & CONSTRUCTION

Introduction	3
Construction Process	5
Checklist	16
Approvals	19

### SECTION 3: EXISTING STORES

Latest Models	23
---------------	----

### SECTION 4: PROTOTYPE DESIGN

Program	29
Interior Finishes	36
Interior & Exterior Signage	38

### SECTION 5: EQUIPMENT

Equipment	41
Small Wares List	51

Menu Board	53
POS System	62

### SECTION 6: COSTS

Bid Breakdown	65
---------------	----

### SECTION 7: PREFERRED VENDORS

Preferred Vendors	67
-------------------	----

### SECTION 8: CONTRACTS

#### SECTION 5.1: AIA CONTRACT DOCUMENTS

<a href="http://www.aiacontracts.org">www.aiacontracts.org</a>	69
--	----

#### SECTION 5.2: WAIVERS OF LIEN

Golden Krust Partial Waiver of Lien	71
Golden Krust Final Waiver of Lien	72

## VOLUME 3 – RESTAURANT OPERATIONS MANUAL

### TABLE OF CONTENTS

#### SECTION 1: OPERATION PROCEDURES

##### SECTION 1.1: HOURS OF OPERATION

Employees	7
Customers	7
Holiday Schedule	7
Emergency Closing	7

##### SECTION 1.2: DAILY OPERATIONS GUIDE

Opening Procedures	8
Daily Procedures	11
Closing Procedures	16
Cyclical Procedures	18

##### SECTION 1.3: APPEARANCE STANDARDS

Employee Uniform	20
Hair, Nails, Piercings	20
Personal Hygiene	20

##### SECTION 1.3: SERVICE EXCELLENCE

Service Excellence Procedures	22
Selling the Products	23

##### SECTION 1.4 PROCEDURES & CONTROLS

Cleaning Procedures	28
Receiving Procedures	31
Sanitation Controls	32
Pest Control	33
Safety Procedures	36

#### SECTION 2: CASH HANDLING PROCEDURES

##### SECTION 2.1: CASH HANDLING PROCEDURES

Cash Transactions	36
Check Transactions	38
Inspect the Check Carefully	38
Handling Non-Personal Checks	38
Obtaining Proper Identification	38

##### SECTION 2.2 CASH HANDLING FORM

Cashier Drop Report	39
Register Close-Out-Sheet	40

##### SECTION 2.3 LOSS PREVENTION

Shortchange Artists	41
Be aware of the Money Presented	41

Customers Who Talk During Transactions	41
--	----

Customers Who Claim You Made an Error	41
---------------------------------------	----

Customers Who Request Change	42
------------------------------	----

Reducing the Risk of Robbery	42
------------------------------	----

Giving the Store an Alert, Organized Look	42
---	----

Greet Each Customer	42
---------------------	----

Watch for the Unusual	42
-----------------------	----

Reducing the Risk of Violence	42
-------------------------------	----

Follow Robbery Procedures	43
---------------------------	----

##### SECTION 2.4 COMPLAINTS

Disgruntled Customers	44
-----------------------	----

Making the Most of Complaints	44
-------------------------------	----

Customer-Food Poisoning complaint	44
-----------------------------------	----

Customer Complaint Form	45
-------------------------	----

Procedure followed if store learns of possible litigation	47
---	----

Food Safety Basis	48
-------------------	----

#### SECTION 3: OPERATION POLICIES

General Policies	50
------------------	----

The Golden Rule	50
-----------------	----

Handling Special Offers	51
-------------------------	----

Handling Sensitive Subjects	51
-----------------------------	----

• Your Competition	51
--------------------	----

• Your Customers	51
------------------	----

• Politics and Religion	51
-------------------------	----

#### SECTION 4: FOOD GUIDELINES

GK Product Guidelines	53
-----------------------	----

Product Specification	54
-----------------------	----

Approved Vendors	55
------------------	----

#### SECTION 5: REPORTING REQUIREMENTS

Overview	56
----------	----

Royalty Fee	56
-------------	----

Advertising Fee	56
-----------------	----

Balance Sheet and Income Statements	56
-------------------------------------	----

#### SECTION 6: FINANCIAL MANAGEMENT

##### SECTION 6.1 INVENTORY

Purpose of Inventory	57
----------------------	----

Managing Your Inventory	58
-------------------------	----

Determine Your Usage	59
Check In Orders	60
Dating The Product	60
Properly Store & Shelve the Order	61
Distributing The Product	61
Balancing the inventory	61

### **SECTION 6.2 MANAGING FOOD COST**

What is Food Cost	62
Controlling Food Cost	62
Determining Food Cost Percentage	62
How to improve Food Cost	63

### **SECTION 6.3 FORMS**

Daily (Product) Patty Wastage	65
Product Receiving Sheet	65

### **SECTION 6.4 PROFITABILITY**

Profit & Loss (P&L)	67
Profit & Loss Work Sheet	68
Daily Sales Analysis	70
Sales at a Glance	71

## VOLUME 4 – PERSONNEL MANUAL TABLE OF CONTENTS

### SECTION 1: HIRING

#### SECTION 1.1 ADVERTISING

Newspaper, Online	06
Personal Contacts	06
Agencies, Schools, Religious Organizations	06

#### SECTION 1.2: ACCEPTING APPLICATIONS

Know what to look for	07
Use current application forms	07

#### SECTION 1.3: PREPARING FOR INTERVIEWS

Have Your Questions Ready	07
Know What to Look For	07
Select a Meeting Place/Time Limit	07

#### SECTION 1.4: THE INTERVIEW PROCESS

Ask Legally Permitted Questions	07
End the Interview	08

#### SECTION 1: RECRUITING AND HIRING

Document your Thoughts	09
Check References	09
First Time Workers	09
Make a Decision & Contact Applicants	10

#### SECTION 1.6 YOUR PERSONNEL FILE SYSTEM

Suggested Filing Method	10
Management Method	11

### SECTION 2: JOB DISCRIPTIONS

#### SECTION 2.1 DEFINITION OF TERMS

Elements of a Job Description	12
What a Job Description Is & Is Not	12

#### SECTION 2.2 USING A JOB DESCRIPTION

Know what you are looking for	12
Know how to use job descriptions	13
• As your guide	13
• As the applicant's guide	13
• To reference job duties	13

#### SECTION 2.3 JOB DISCRIPTIONS

• Job description – Manager	14
• Job description – Kitchen Manager	18
• Job description – Supervisor	20
• Job description – Cashier	22
• Job description – Baker/Expeditor	24
• Job description – Cook 1	26
• Job description – Cook 2	28
• Job description – Cook 3	30
• Job description – Porter	32

### SECTION 3: SALARY AND BENEFITS

Suggested starting pay rates	34
Staffing requirements	34

### SECTION 4: WELCOME PACKAGE

Employee Welcome Package	35
Getting started the right way	35
How to use	35
Receipts & forms to be signed & filed	35

### SECTION 5: LEADERSHIP

#### SECTION 5.1: YOUR ROLE AS COACH

What makes a good coach	36
• Communication Skills	36
• Motivational Skills	36
• Observation Skills	36
What is Good Coaching?	36
• Explain What is Expected	37
• Evaluate the Performance	37
• Provide Feedback	37

#### SECTION 5.2: YOUR ROLE AS COUNSELOR

Reasonable Assumptions; the Average Employee	37
Types of Counseling	37
• Directive	37
• Non-Directive	37
• Cooperative	38
Example of effective counseling	38

#### SECTION 5.3: YOUR ROLE AS LEADER

What Motivates Employees	38
Rules of Employee Motivation	38
Promoting Good Morale	39

### SECTION 6: PERFORMANCE APPRAISALS

Definition and purpose	40
How to prepare for	40
How to conduct	40

## **SECTION 7: DISCIPLINARY ACTION**

SECTION 7.1 DISCIPLINARY GUIDELINES	42
SECTION 7.2 TERMINATION	42

How to Terminate	42
Post Termination Procedures	43

## **SECTION 8: STATE & FEDERAL REQUIREMENTS**

SECTION 8.1 WORKERS COMPENSATION	44
8.2 FAIR LABOR STANDARD ACT (FLSA)	44

## VOLUME 5 – MARKETING MANUAL TABLE OF CONTENTS

### SECTION 1: GETTING STARTED

#### SECTION 1.1: DEFINITION OF TERMS

Marketing	4
Advertising	4
Promotions	5
Networking	5
Public Relations	5
Proactive Public Relations	5
Reactive Public Relations	5

### SECTION 2 : MARKETING

#### SECTION 2.1 OVERVIEW

What Can Marketing Do?	7
Reasons to Market	7

#### SECTION 2.2 DEVELOPING YOUR LOCAL MARKETING PLAN

Introduction	7
Local Marketing	8
The Four Steps of Preparation	8
• Step 1– Establish an Objective	8
• Step 2 – Establish a Budget	9
○ Percentage of Sales Method	9
○ Flat Rate Method	9
• Step 3 – Determine Who Your Target Market Is & Where They Are	9
• Step 4 – Determine the Most Effective Local Marketing Method	10
Integrated Marketing	10
In-Store Marketing	10
PR as a Marketing Tool	10
• Franchise Owner/Manager	11
• Golden Krust Crew	11
• Your Business	11

### SECTION 3: PRINT ADVERTISING

Listings	12
In-Column Ads	12
Display Ads	12
Supplemental Directories	12
Creating a Knockout Ad	13

Be an Expert in Your Business	13
Summary	16

### SECTION 4: NEWSPAPER ADVERTISING

Understanding Rate Cards	17
Column Inches	17
Setting Up Your Ad	17
What Your Ad Should Include	18

### SECTION 5: OTHER ADVERTISING OPTIONS

Flyers	19
Door Hangers	19
Coupons	19
• Coupon Redemption	20
Using Direct Mail Advertising Specialists	20
• Questions to Ask	20
Direct Mail Pieces	21
• Using Mailing Lists	21
• Using Bulk Mail	21
Advertising Specialties	22
• Definition	22
• Selecting	22
• Choosing the Right Item	22
Internet	22
• Social Media Marketing	23

### SECTION 6: NETWORKING

Purpose	24
Finding the Right Group	24
Exploiting Your Group Membership	24
Ten Rules of Networking	25
The Ten Commandments of Networking	25

### SECTION 7: LOCAL STORE MARKETING (LSM)

#### SECTION 7.1 LOCAL STORE MARKETING

What is Local Store Marketing	27
Why Do You Need Local Store Marketing	28
Is my store ready for LSM	29
How to Calculate Break Even	32
Coupons	33
Patty Club/Meal Bonus Cards	36
7.2.3 Breakfast/Lunch/Dinner VIP Club Members	40

7.2.4 Multi Offer Flyers	42
7.2.5 Signs & Billboards	45
7.2.6 Newspaper Advertising	46
7.2.7 Radio Advertising	47
7.2.8 Ticket/Receipt Advertising	48
7.2.9 Movie Ticket Discount Deals	50
7.2.10 Retail Cross Promotion	51
7.2.11 Direct Mail	54
7.2.12 Email Marketing	55
7.2.13 Vehicle Wraps	56
7.2.14 Fax Order Forms	59
7.2.15 Community Outreach Programs	61
7.2.16 Good Gesture Programs	66
7.2.17 GK Goes to School for a Day	68
7.2.18 Sponsorships	69
7.2.19 Support the Sports Team	73
7.2.20 Local Event Donations	74

• Coat or Toy Drive	77
Evaluating a LSM Promotion	78

<b>APPENDIX</b>	
Special Offer Tracking Form	80
Coupon Redemption Form	81
Promotion Evaluation Form	82
External Restaurant Analysis Forms	83
• Competition	84
• Local Retailers	85
• Media	86
• Local Events	87
Trading Area Survey Form	88
GK Menu & Grand Opening Flyer	89
Sample Advertisement	90

## VOLUME 6 – RECIPE MANUAL TABLE OF CONTENTS

### SECTION 1: INTRODUCTION

How to use this manual	3
Points of Consideration	3
Measurement Conversion Chart	4
Seasoning Chart	5
Head Cook/Kitchen Manager Responsibilities	7

### SECTION 2: BREAKFAST

Dumplings	12
• Boiled	
• Fried	
Festival (Jamaican style)	14
Fritters	15
Porridge	
• Banana	16
• Cornmeal	18
Hominy	19
Liver	20
Saltfish	
• Ackee	22
• Callaloo	23
• Spinach	24
• Plain Cook-up Saltfish	25

### SECTION 3: LUNCH/DINNER – MEATS

Brown Stewed Chicken	26
Brown Stewed Chicken Foot	29
Brown Stewed Cow Foot	31
Brown Stewed Pork	34
Curried Chicken	36
Curried Chicken Foot	38
Curried Goat	41
Curried Tripe and Bean	43
Curried Veggie Chunks	46
BBQ Chicken Wings	48
Escovitch Chicken Wings	49
Fried Chicken	51
Sweet Chili Chicken	
Jerk Chicken	53
Oxtail	54
Patties	62
Peppered Steak	63
Stewed Beef	65
Stewed Peas	68

### SECTION 4: LUNCH/DINNER – FISH & SEAFOOD

Curried Shrimp	70
Escovitch Fish	73

### SECTION 5: SAVORY SIDES

Macaroni and Cheese	74
Rice	
• Rice and Peas	76
• Spinach	79
• Vegetable	80
• White	81
Steamed Cabbage	82
Vegetable Chop Suey	83

### SECTION 6: SOUPS

Chicken	84
Goathead	86
Gungo (Pigeon Peas) Soup	88
Red Peas Soup	90

### SECTION 7: JUICES

Carrot	92
Cucumber Lemonade	93
Fruit Punch	94
Pineapple Ginger	95
Sorrel Ginger	96

### SECTION 8: SAUCES

Escovitch Sauce	97
-----------------	----

### SECTION 9: GLOSSARY

Common Jamaican Food Ingredients	98
Culinary Terms	103
• Measuring Devices	103
• Cutting Methods	104
• Food Preparation Terms	104
• Equipment and Small Wares	105

## VOLUME 7 – TRAINING MANUAL TABLE OF CONTENTS

### SECTION 1: INTRODUCTION

1.1 Notice	1
1.2 Letter from The Training & Development Director	2
1.3 Golden Krust Promise to Customers	3

### SECTION 2: MANAGEMENT TRAINING OVERVIEW

Key Result Areas	5
The 4 Corner Training	7
Profile of a Franchise Manager	8
The Beginning Phase	11
In-Restaurant Training Phase	12
The Tools You Will Need	13
In-Restaurant Training Schedule	14

### SECTION 3: MANAGEMENT IN-RESTAURANT TRAINING

#### SECTION 3.1 WEEK ONE

Day 1: Orientation and In-House Procedures	18
Day 2: Restaurant Set-up and Food Preparation	20
Day 3: Food Preparation/Warming Units	22
Day 4: Food Preparation /Warming Units	24
Day 5: Food Preparation	26
Day 6: Administrative Training	28
Evaluation & Report Forms	29

#### SECTION 3.2 WEEK TWO

Day 7: Management Duties & Cashier Station	35
Day 8: Line Effectiveness	36
Day 9: Administration	37
Day 10: Managing Shifts	38
Weekly Evaluation	40

### SECTION 4: PERFORMANCE EVALUATIONS AND CHECKLISTS

Managing Opening Operations	48
Managing Service Periods	49

After Peak Period	50
Managing Shift Change	51
Managing Closing Operations	52

### SECTION 5: TRAINING INVOLVEMENT GUIDES

Guidelines for Preparing Guides	55
Food Handling Guide	56
Food Preparer Guide	57
Daily Activity Involvement Guide	58
Restaurant Set-up Guide	59
General Knowledge Involvement Guide	60
Warming Unit Involvement Guide	61
Expeditor Involvement Guide	62
Labor and Scheduling Involvement Guide	63
Restaurant Closing Guide	64
Maintenance Involvement Guide	65
Point of Sale Involvement Guide	66
Trainer's Guide	67
Service Excellence Involvement Guide	68

### SECTION 6: EMPLOYEE TRAINING GUIDE

Purpose	1
Receipt	2
4 Corner Training	3
• Use of the Training Guide	4
• Orientation	5
• Safety & Security	6
• Compensation & Certification	7
• Certification Checklist	9
Day 1: Orientation	10
Day 2: Food Safety & Sanitation	16
Day 3: Hospitality Standard	22
• Service Excellence	22
• Cash Handling	25
• Order Taking	27
• Opening Procedures	28
Day 4: Serving the Customer	31
• Closing Procedures	35
• Order Expeditor	41
• Maintenance of Equipment & Facility	43

**EXHIBIT G**

**LIST OF FRANCHISEES, FORMER FRANCHISEES AND  
AGREEMENTS SIGNED BUT NOT YET OPEN**

**LIST OF FRANCHISEES AS OF DECEMBER 31, 2024**

<b>Franchisee</b>	<b>Street Address</b>	<b>City</b>	<b>State</b>	<b>Phone</b>
Marcia Hawthorne & Sean Ffrench	140 E. Main Street	Stratford	CT	(203) 502-1926
Lloyd Hawthorne	183-16 NW 7th Ave	Miami Gardens	FL	(305) 655-9901
Ravi Manoo & Zorita Pritipal	5503 W Colonial Dr	Orlando	FL	(407) 298-0543
Shammeer Hassan	1009 W Vine St	Kissimmee	FL	(407) 944-8879
Christine Tyrell	3010 54th Ave S	St. Petersburg	FL	(727) 866-0602
Gary Gouldbourne	14913 N Florida Ave	Tampa	FL	(813) 963-3800
Ravi Manoo & Zorita Pritipal	2753 N Hiawasse Rd	Orlando	FL	(407) 730-3777
Kevin & Cassandra Lee	19664 NW 27th Ave	Miami Gardens	FL	(305) 625-1060
Ravi Manoo & Zorita Pritipal	318 N Alafaya Trail	Orlando	FL	(407) 745-4744
Earl Chin	12518 W Sunrise Blvd	Sunrise	FL	(954) 533-1041
Ravi Manoo & Zorita Pritipal	1020 E Highway 50	Clermont	FL	(352) 708-5515
Michelle Mcfarlene & Donald McNeil	1825 Tamiami Trail	Port Charlotte	FL	(941) 235-5579
Maurice Mayhew	10101 W Oakland Park Blvd	Sunrise	FL	(954) 530-9519
Christine Tyrell	2525 E Hillsborough Ave	Tampa	FL	(813) 231-3113
Natasha & Velma Hawthorne	3251 Hollywood Blvd	Hollywood	FL	(954) 963-1299
Kevin & Cassandra Lee	6073 W Sunrise Blvd	Sunrise	FL	(954) 587-5841
Marcia Hawthorne & Sean Ffrench	5711 N University Dr	Tamarac	FL	(954) 722-2270
Maurice Mayhew	2610 W Broward Blvd	Fort Lauderdale	FL	(954) 306-2548
Kevin & Cassandra Lee	4120 NW 12th St	Lauderhill	FL	(954) 584-3006
Clayton & Andrene Robinson	6901 Okeechobee Blvd	West Palm Beach	FL	(561) 660-5069
Lakeesha & Orlando Brown	958 S Military Trl	West Palm Beach	FL	(561)-328-7347
Earl Chin	801 E Commercial Blvd	Oakland Park	FL	(954) 909-0301
Mishka Brown & Winnifred Walters	4703 North State Road	Coral Springs	FL	(954) 906-5844-
Natasha & Velma Hawthorne	9921 Miramar Parkway	Miramar	FL	(954) 674-2632
Kevin & Cassandra Lee	4861 Coconut Creek Pkwy	Coconut Creek	FL	(954) 532-4446
Andrew & Michelle McKinley	9534 SW 160th St.	Miami	FL	(786) 592-2595
Theophilus & Clarissa Burnett	1375 S Military Trail	Deerfield Beach	FL	(754) 212-2268

<b>Franchisee</b>	<b>Street Address</b>	<b>City</b>	<b>State</b>	<b>Phone</b>
Jacqueline Robinson	1267 S Hairston Rd	Stone Mountain	GA	(770) 323-4848
Mike Arnold & Alvin Duncan & Denton Perkiss	6025 Old National Hwy	College Park	GA	(678) 489-8913
Jacqueline Robinson	2960 Stonecrest Pass	Lithonia	GA	(770) 674-9010
Stephen & Paulette Needham	2047 Mount Zion Rd	Morrow	GA	(678) 961-7310
Tameka & Leroy Blake	315 Jonesboro Rd	McDonough	GA	(678) 834-5082
Horrace Murray	6920 Douglas Blvd	Douglasville	GA	(678) 631-6920
Theophilus & Clarissa Burnett	676 Duluth Hwy	Lawrenceville	GA	(770) 802-4030
Patrick & Jennifer Stewart	2358 E. Main St	Snellville	GA	(770) 736-6336
Clifford Clarke	180 Cobb Pkwy S	Marietta	GA	(678) 631-6911
Stephen & Paulette Needham	3999 Austell Rd	Austell	GA	(678) 505-8045
Chris Lingard	1485 Highway 34 E	Newnan	GA	(770) 683-0846
Tameka & Leroy Blake	11274 Tara Blvd	Hampton	GA	(770) 731-0459
Theophilus & Clarissa Burnett	1521 Highway 138 SE	Conyers	GA	(678) 413-0690
Tiasha & Hurley James	5370 Campbellton-Fairburn Rd	Fairburn	GA	(770) 703-7498
Rohan & Patricia Scafe	8030 Senoia Rd	Fairburn	GA	(678) 829-3548
Elorine DeForneau	5077 Jimmy Lee Smith Pkwy	Hiram	GA	-(770) 635-7025
Tiasha & Hurley James	3620 Camp Creek Parkway SW	Camp Creek	GA	(404) 748-1490
Omar Davis and Diana Clarke	501 Roberts Ct NW	Kennesaw	GA	(678) 921-2493
Garfield & Sheryl Gordon	3500 East-West Highway	Hyattsville	MD	(301) 559-7962
Garfield & Sheryl Gordon	838 N Rolling Rd	Catonsville	MD	(410) 719-0066
Paul & Charmaine Campbell	4412 Fayetteville Rd	Raleigh	NC	(919) 322-4191
Paul & Charmaine Campbell	6260 Plantation Center Dr	Raleigh	NC	(984) 200-2218
Paul & Charmaine Campbell	8741 Brier Creek Pkwy	Raleigh	NC	(919) 237-3350
Loiett & LanaKay Gore	307 Main St	Orange	NJ	(973) 672-7080
Lorna Brissett-Romans	467 Lyons Ave.	Newark	NJ	(973) 926-6705
Keith & Elaine Young	8 Union Ave	Irvington	NJ	(973) 375-5544
Richard Gore	2860 John F Kennedy Blvd	Jersey City	NJ	(201) 610-9119
Lorna Brissett-Romans	2540 B Route 22	Union	NJ	(908) 687-4737
Marcia Hawthorne & Sean Ffrench	1245 Teaneck Rd	Teaneck	NJ	(201) 862-1111
Lorna Brissett-Romans	1335 S Ave	Plainfield	NJ	908-312-9030

<b>Franchisee</b>	<b>Street Address</b>	<b>City</b>	<b>State</b>	<b>Phone</b>
Andrew Thompson	918B Fulton St	Brooklyn	NY	(718) 789-1833
Sandra Bryan	67 S 4th Ave	Mt. Vernon	NY	(914) 667-1301
Marcia Hawthorne & Sean Ffrench	3538 White Plains Rd	Bronx	NY	(718) 515-5789
Winsome Cunningham	1862 Nostrand Ave	Brooklyn	NY	(718) 885-8119
Chris & Cavaline Colquhoun	10 Anderson St	New Rochelle	NY	(914) 654-8960
Samantha Bailey & Karen Dawkins & Claudine St.Roc	92-21 Parsons Blvd	Queens	NY	(718) 658-0266
Oneal Marshall	823 Franklin Ave	Brooklyn	NY	(718) 493-3865
Jeffrey Reid	4708 White Plains Rd	Bronx	NY	(718) 325-0900
Mervin Harding	1936 Ralph Ave	Brooklyn	NY	(718) 531-2828
Jeffrey Reid	691 Co-op City Blvd	Bronx	NY	(718) 671-8841
Mohammad Usman	234-16 Linden Blvd	Cambria Heights	NY	(718) 723-2344
Marcia Hawthorne & Sean Ffrench	2718 White Plains Rd	Bronx	NY	(718) 944-2700
Rohan Fenton & Michael McDonald	135 E Gun Hill Rd	Bronx	NY	(347) 602-8111
Andrew Thompson	1014A Nostrand Avenue	Brooklyn	NY	(718) 604-2211
Safraz Ahmed	223-24 S Conduit Ave	Springfield Gardens	NY	(718) 341-1600
Marie Maxwell	456 Malcolm X Blvd	New York	NY	(212) 283-5933
Idowu Sobanjo (Victor)	1438 Metropolitan Ave	Bronx	NY	(718) 792-9322
Titus & Annette Runcie	218-73 Hempstead Ave	Queens Village	NY	(718) 217-1541
Christine Tyrell	1364 Pennsylvania Ave	Brooklyn	NY	(718) 277-1003
Chris Colquhoun	1299 Boston Road	Bronx	NY	(718) 378-1133
Charmaine Golding	178 Fulton St	White Plains	NY	(914) 682-7400
John Carl Smith	1617 Church Ave	Brooklyn	NY	(718) 462-4044
Steve Murray & Donald McNeish	1430 Rockaway Pkwy	Brooklyn	NY	(718) 272-5334
Allison & Donald Burris	1848 E New York Ave	Brooklyn	NY	(718) 922-7520
Marcia Hawthorne & Sean Ffrench	3812 White Plains Rd	Bronx	NY	(718) 798-1900
Winsome Cunningham	872 Utica Ave	Brooklyn	NY	(718) 282-5027

<b>Franchisee</b>	<b>Street Address</b>	<b>City</b>	<b>State</b>	<b>Phone</b>
Jeffrey Reid	3818 Dyre Ave	Bronx	NY	(718) 325-0060
Maurice Mayhew	777 North Broadway	Amityville	NY	(631) 789-8777
Raymond Henry	1706 Atlantic Ave	Brooklyn	NY	(718) 773-8200
Garnett & Burnett Morrison	568 Flatbush Ave	Brooklyn	NY	(718) 282-1437
Jacqueline Paddyfote-Reynolds	700 Main St	Poughkeepsie	NY	(845) 485-5262
Raymond Henry	86 E 98th St	Brooklyn	NY	(347) 425-1149
Artur Radzivilovskiy	630 Rockaway Tpke	Lawrence	NY	(516) 837-0695
Samantha Bailey & Karen Dawkins & Claudine St.Roc	165-10 Jamaica Ave	Jamaica	NY	(718) 526-2008
Marcia Hawthorne & Sean Ffrench	230-02 Merrick Blvd	Laurelton	NY	(718) 341-5611
Carson & Stacey Robinson	47 W 14th St	New York	NY	(212) 627-0851
Marcia Richardson	90-58 Sutphin Blvd	Queens	NY	(718) 262-9293
Ronald Waltin	70 W 125th St	New York	NY	-(917) 675-6647
Germine James	1845 E Main Street	Peekskill	NY	914-788-0900
Unique Gray	50 Route 17K	Newburgh	NY	845-787-4527
Marcia Hawthorne & Sean Ffrench	358 E 149th St	Bronx	NY	: (718) 292-4222
Marcia Hawthorne & Sean Ffrench	4182 White Plains Rd	Bronx	NY	(718) 928-0006
Lauren Scott & Elizabeth Quamina	8366 Westheimer Rd.	Houston	TX	(281) 974-1785
Winston Andrew & Carron Bramwell	8236 Kirby Dr	Houston	TX	(346) 330-9225

**LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM AS OF DECEMBER 31, 2024**

<b>Franchisee</b>	<b>Phone</b>
Horace Murray	(678) 921-2493
Stanley Dennis	(718) 209-4242
Stanley Dennis	(718) 576-6021
Dawn Bennett	(718) 265-3669
Dawn Bennett	(718) 327-1261
Raymond & Sophia Sutton	(718) 295-3672

**FRANCHISEES WHO HAVE SIGNED AN AGREEMENT BUT NOT YET OPENED AS OF DECEMBER 31, 2024**

<b>Franchisee</b>	<b>Street Address</b>	<b>City</b>	<b>State</b>	<b>Phone Number</b>
Kevin & Cassandra Lee	12503 Miramar Parkway	Miami	FL	(646) 879-0378
Tashiany Martin	TBD	TBD	GA	(678) 392-6276
Marlon Morgan	TBD	TBD	GA	(484) 883-7326
Jacqueline Bell	TBD	TBD	NC	(919) 561-3111

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

**EXHIBIT H**

**RELEASE**

## GENERAL RELEASE

**THIS GENERAL RELEASE** (“Release”) is executed on \_\_\_\_\_ by \_\_\_\_\_ (“Franchisee”) and/or \_\_\_\_\_ (“Guarantors”) as a condition of (1) the transfer of the Franchise Agreement dated \_\_\_\_\_ between Franchisor and Franchisee (“Franchise Agreement”); or (2) the execution of a renewal Franchise Agreement by Franchisee and Franchisor.

**1. Release by Franchisee and Guarantors.** If Franchisee is an entity, Franchisee (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities) and Guarantors (on behalf of themselves and their respective heirs, representatives, successors and assigns) or, if Franchisee is an individual, Franchisee (on behalf of himself/herself and his/her heirs, representatives, successors and assigns) (collectively, “Releasers”) freely and without any influence forever release Franchisor, its parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively, “Releasees”), with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, “Claims”), which any Releaser ever owned or held, now owns or holds or may in the future own or hold, including, without limitation, claims arising under federal, state and local laws, rules and ordinances and claims arising out of, or relating to, the Franchise Agreement and all other agreements between any Releaser and any Release arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law. This general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

**2. Risk of Changed Facts.** Franchisee and Guarantors understand that the facts in respect of which the release in Section 1 is given may turn out to be different from the facts now known or believed by them to be true. Franchisee and Guarantors hereby accept and assume the risk of the facts turning out to be different and agree that the release in Section 1 shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

**3. Waiver of Section 1542.** Further, Releasers expressly waive all right, protection, privilege and benefit under Section 1542 of the Civil Code of the State of California, which provides: **1542 A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.** *By signing this Release of All Claims, Releasers are giving up all rights under Section 1542 and any similar provision of any state.*

**3. No Prior Assignment.** Franchisee and Guarantors represent and warrant that the Releasers are the sole owners of all Claims and rights released in Section 1 and that the Releasers have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1.

**4. Covenant Not to Sue.** Franchisee and Guarantors (on behalf of Releasers) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 with respect to any Claim released under Section 1.

5. **Complete Defense.** Franchisee and Guarantors: (a) acknowledge that the release in Section 1 shall be a complete defense to any Claim released under Section 1; and (b) consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

6. **Successors and Assigns.** This Release will inure to the benefit of and bind the successors, assigns, heirs and personal representatives of Franchisor and each Releasor.

7. **Third Party Beneficiary.** Franchisor and its parent, affiliates and subsidiaries shall be third party beneficiaries under this Release.

8. **Representation by Counsel.** Franchisee and Guarantors acknowledge and agree that they have been represented by independent counsel of their own choice throughout all negotiations which preceded the execution of this Release, and that they have executed this Release with the consent and upon the advice of said independent counsel.

9. **Enforcement.** This Release and all claims relating to this Release shall be governed by and construed under the law of state noted in the Franchise Agreement. Franchisee and Guarantors shall file any controversy or claim whatsoever arising out of or relating to this Release or the enforcement of the promises in this Release or with regard to the interpretation, formation, or breach of this Release in the court where Franchisor's principal offices are located. Franchisor will file any controversy or claim whatsoever arising out of or relating to this Release or the enforcement of the promises in this Release or with regard to the interpretation, formation, or breach of this Release in the court where its principal offices are located, where Franchisee resides or does business, or where the claim arose.

10. **Confidentiality.** The terms of this Release shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws, court orders or regulations.

11. **Construction.** Any capitalized terms that are not defined in this Release shall have the meaning given them in the Franchise Agreement. The masculine gender shall be deemed to refer to and include the feminine and neuter, and the singular to refer to and include the plural, and vice versa.

**IN WITNESS WHEREOF,** Franchisee and Guarantors have executed this Release as of the date shown above.

**FOR INDIVIDUAL:  
FRANCHISEE:**

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

**FOR ENTITY:  
FRANCHISEE:**

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title \_\_\_\_\_  
Date: \_\_\_\_\_

**GUARANTOR:**

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

### **State Effective Dates**

The following states have franchise laws that 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 document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>STATES</b>	<b>EFFECTIVE DATE</b>
Maryland	PENDING
New York	PENDING
Virginia	PENDING

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT I**

**RECEIPTS**

**RECEIPTS**

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 Golden Krust Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make payment to, Golden Krust Franchising, Inc. or its affiliate in connection with the proposed sale or sooner if required by applicable state law. New York requires that we give you this disclosure document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or fourteen (14) days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Golden Krust Franchising, Inc. 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed in Exhibit D.

The franchisor is Golden Krust Franchising, Inc. located at 399 Knollwood Road, Suite 115, White Plains, NY 10603 or 914-228-5965.

Issuance Date: August 13, 2025

The name, principal business address, and telephone number of the franchise seller offering the franchise is Lorraine Hawthorne Morrison, Chief Administrative Officer; Omar Hawthorne, Director, Franchise Development; 399 Knollwood Road, Suite 115, White Plains, NY 10603 or 914-228-5965 (PLEASE FILL IN THE FOLLOWING INFORMATION IF DIFFERENT):

Name	Principal Business Address	Telephone Number

Golden Krust Franchising, Inc. authorizes the agents listed in Exhibit D to receive service of process for it.

I received a disclosure document dated August 13, 2025 that included the following Exhibits:

- A. Financial Statements
- B. Franchise Agreement
- C. State-Specific Addenda to FDD and Franchise Agreement
- D. List of State Administrators and Agents for Service of Process
- E. Form Lease Rider
- F. Table of Contents of Brand Standards Manual
- G. Lists of Franchised Locations, Former Franchises and Agreements Signed But Not Yet Open
- H. Release
- I. Receipts

**Date Received:** \_\_\_\_\_

\_\_\_\_\_

**Franchisee Signature**

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

**City / State Domicile:** \_\_\_\_\_

**City / State for Business Requested:** \_\_\_\_\_

***[KEEP THIS COPY FOR YOUR RECORDS]***

**RECEIPTS**

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 Golden Krust Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make payment to, Golden Krust Franchising, Inc. or its affiliate in connection with the proposed sale or sooner if required by applicable state law. New York requires that we give you this disclosure document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or fourteen (14) days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Golden Krust Franchising, Inc. 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed in Exhibit D.

The franchisor is Golden Krust Franchising, Inc. located at 399 Knollwood Road, Suite 115, White Plains, NY 10603 or 914-228-5965.

Issuance Date: August 13, 2025

The name, principal business address, and telephone number of the franchise seller offering the franchise is Lorraine Hawthorne Morrison, Chief Administrative Officer; Omar Hawthorne, Director, Franchise Development; 399 Knollwood Road, Suite 115, White Plains, NY 10603 or 914-228-5965 (PLEASE FILL IN THE FOLLOWING INFORMATION IF DIFFERENT):

Name	Principal Business Address	Telephone Number

Golden Krust Franchising, Inc. authorizes the agents listed in Exhibit D to receive service of process for it.

I received a disclosure document dated August 13, 2025 that included the following Exhibits:

- A. Financial Statements
- B. Franchise Agreement
- C. State-Specific Addenda to FDD and Franchise Agreement
- D. List of State Administrators and Agents for Service of Process
- E. Form Lease Rider
- F. Table of Contents of Brand Standards Manual
- G. Lists of Franchised Locations, Former Franchises and Agreements Signed But Not Yet Open
- H. Release
- I. Receipts

**Date Received:** \_\_\_\_\_

\_\_\_\_\_  
**Franchisee Signature**

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

**City / State Domicile:** \_\_\_\_\_

**City / State for Business Requested:** \_\_\_\_\_

***[RETURN THIS COPY TO US FOR OUR RECORDS]***