

## FRANCHISE DISCLOSURE DOCUMENT



### FLOWER TENT USA, INC.

A Pennsylvania Corporation  
P.O. Box 1675  
Kingston, PA 18704  
12 Apollo Drive  
West Wyoming, PA 18644  
1-877-356-9700  
[www.flowertent.com](http://www.flowertent.com)  
[sales@flowertent.com](mailto:sales@flowertent.com)

The franchisee will operate up to six retail outlets (“Flower Tent Businesses”) that offer quality fresh flowers, plants, and related items for sale to the general public at a fair price.

The total investment necessary to begin operation of a Flower Tent Business under a Single Unit Franchise Agreement ranges from \$47,500 to \$82,000. This includes \$29,900 that must be paid to Flower Tent USA, Inc.

The total investment necessary to begin operation of your first Flower Tent franchised business under a Multi-Unit Franchise Agreement ranges from \$67,100 to \$101,600. This includes \$49,500 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of your second through sixth additional Flower Tent franchised businesses under a Multi-Unit Franchise Agreement ranges from \$17,600 to \$52,100. This includes \$0 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of all six Flower Tent franchised businesses under a Multi-Unit Franchise Agreement ranges from \$155,100 to \$362,100. This includes \$49,500 that must be paid to the franchisor or its affiliate(s).

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, the franchisor or an 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 the availability of disclosures in different formats, contact Thomas F. Ansilio, Jr., President, Flower Tent USA, Inc. at P.O. Box 1675, Kingston, PA 18704 (physical address: 12 Apollo Drive, West Wyoming, PA 18644) and 1-877-356-9700.

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 “Buying a Franchise, A Consumer’s Guide,” 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: April 29, 2024**

## 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 J.
<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 Flower Tent 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 Flower Tent franchisee?</b>	Item 20 or Exhibit J 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 E.

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 litigation only in Pennsylvania. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the franchisor in Pennsylvania than in your own state.
2. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial 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>ITEM</u>		<u>PAGE</u>
ITEM 1	THE FRANCHISOR, ANY PARENTS, PREDECESSORS AND AFFILIATES .....	1
ITEM 2	BUSINESS EXPERIENCE .....	2
ITEM 3	LITIGATION .....	3
ITEM 4	BANKRUPTCY .....	3
ITEM 5	INITIAL FEES .....	3
ITEM 6	OTHER FEES.....	4
ITEM 7	ESTIMATED INITIAL INVESTMENT.....	7
ITEM 8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES .....	11
ITEM 9	FRANCHISEE'S OBLIGATIONS .....	13
ITEM 10	FINANCING .....	15
ITEM 11	FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING .....	15
ITEM 12	TERRITORY .....	20
ITEM 13	TRADEMARKS .....	22
ITEM 14	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION .....	23
ITEM 15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS .....	23
ITEM 16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL .....	24
ITEM 17	RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION.....	24
ITEM 18	PUBLIC FIGURES .....	28
ITEM 19	FINANCIAL PERFORMANCE REPRESENTATIONS .....	28
ITEM 20	OUTLETS AND FRANCHISEE INFORMATION .....	32
ITEM 21	FINANCIAL STATEMENTS.....	34
ITEM 22	CONTRACTS .....	34
ITEM 23	RECEIPTS.....	35

### Exhibits

- A. Financial Statements
- B. Single Unit Franchise Agreement
- C. Multi-Unit Franchise Agreement
- D. Form of Confidentiality Agreement
- E. State Administrators and Agents for Service of Process
- F. Manual Table of Contents
- G. State Specific Addenda to the FDD
- H. State Specific Addenda to the Single Unit and Multi-Unit Franchise Agreement
- I. General Release
- J. List of Franchisees
- K. State Effective Dates
- L. Receipts

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

Flower Tent USA, Inc. is the franchisor. To simplify the language in this Disclosure Document, we will refer to Flower Tent USA, Inc. as “Flower Tent USA”, “we”, “us”, or “our”. “You” or “your” refers to the person or persons, corporation, limited liability company, partnership or similar business entity that is awarded a franchise to operate the Flower Tent Businesses.

**Flower Tent Businesses**

Thomas F. Ansilio, Jr., opened the first Flower Tent Business in 1992 in Wyoming, Pennsylvania. Flower Tent Businesses provide plants, flowers, and other landscaping materials to patrons interested in gardening and landscaping. Flower Tent products are sold in a semi-outdoor environment under large tents or greenhouses.

Flower Tent Businesses are open on a seasonal basis, approximately March 1<sup>st</sup> through June 30<sup>th</sup> (“Selling Season”). While the sales are seasonal, the planning, hiring, and zoning processes involved in running a Flower Tent Business span the entire year.

As of December 31, 2023, there were 33 franchised Flower Tent Businesses and 8 Flower Tent Businesses operated by our affiliate, The Flower Tent, Inc. The Flower Tent businesses operated by our affiliate operate pursuant to franchise agreements with us, however we refer to these businesses as Affiliate-Operated Businesses in this Disclosure Document.

**Our Franchise Program**

We have developed a unique system for developing and operating Flower Tent Businesses. We identify this system by means of the Flower Tent trademarks and service marks. We retain the right to award or not award a franchise to any prospective franchisee, regardless of the stage of the award process or costs expended by the prospective franchisee.

Under our Single Unit Franchise Agreement, which is attached as Exhibit B, you may develop and operate one franchised Flower Tent Business in an area designated by us (“Protected Territory”) that will have up to 12,500 households.

Under our Multi-Unit Franchise Agreement, which is attached as Exhibit C, you may develop and operate one to six franchised Flower Tent Businesses at locations accepted by us in a designated geographic area (“Development Territory”) that will have up to 75,000 households. The Multi-Unit Franchise Agreement will contain a schedule that will include site acceptance and opening deadlines for each Flower Tent Business (“Development Schedule”) and you will have the right to develop Flower Tent Businesses in the Development Territory during the Development Term, which expires as of the opening deadline in the Development Schedule for your last Flower Tent Business. The Multi-Unit Franchise Agreement will cover the development and operation of your Flower Tent Businesses in your Development Territory and you will not sign a separate Single Unit Franchise Agreement for any of these Flower Tent Businesses.

In this FDD, we refer to the Single Unit Franchise Agreement and Multi-Unit Franchise Agreement as the “Franchise Agreement” unless the context requires otherwise. If you are a business entity, your owners must sign the Personal Guaranty attached to each form of Franchise Agreement.

Each and every detail of the Flower Tent system is important to you, to us and to our other franchisees. You must develop, maintain and operate your Flower Tent Businesses according to our

standards, which are set forth in our confidential operations manual (“Manual”). We will provide a copy of the Manual to you during the term of your Franchise Agreement.

### **Market and Competition for Flower Tent Businesses**

The market for the sale of flowers, plants and other landscaping materials is well established. Our customers are generally residential homeowners who are interested in adding seasonal flowers and plants to their yards. Flower Tent Businesses are seasonal business that are only open in the Spring. We may consider requests from franchisees to open their Flower Tent Businesses for a few weeks in the fall. Flower Tent Businesses compete with local flower shops and greenhouses and national franchises, retail chains, supermarkets, and home improvement stores providing similar products, many of which are open 365 days a year. Some of your competitors may include other Flower Tent Businesses operated by us, Flower Tent Inc., and our franchisees.

You will be responsible for purchasing and maintaining any required agricultural licenses and permits and complying with any additional laws or regulations specific to the agricultural industry.

As an operator of a retail flower business, you may be subject to various federal, state and local laws, regulations and ordinances with respect to your business. We strongly encourage and advise you to further investigate the laws, regulations and ordinances applicable to your Flower Tent Businesses.

### **The Franchisor and its Affiliates**

The only name under which we do business is Flower Tent USA, Inc. We are a Pennsylvania corporation formed on June 1, 2008. Our principal business address is P.O. Box 1675, Kingston, Pennsylvania 18704 (physical address: 12 Apollo Drive, West Wyoming, PA 18644). Our agents for service of process are disclosed in Exhibit E. We have been offering Flower Tent franchises since February 2009. We do not operate any Flower Tent Businesses, we do not offer franchises in any other line of business, and we do not engage in any business not described in this Item 1. We do not have any predecessors or a parent company.

Our co-founders and owners, Thomas Ansilio and Timothy Ansilio, also own our affiliate, The Flower Tent, Inc., and have operated Flower Tent Businesses under the “Flower Tent” mark since 1992. For purposes of this Disclosure Document, we refer to these businesses as Affiliate-Operated Businesses. Flower Tent, Inc. has the same principal business address as ours and has not offered franchises in any line of business. Flower Tent, Inc. also provides ancillary support services to Flower Tent franchisees in the form of purchasing supplies and products to be sold at Flower Tent locations, providing equipment and supplies for the tents and related location expenses, and through consulting and support regarding tent set-up and layout.

## **ITEM 2**

### **BUSINESS EXPERIENCE**

#### **Co-Founder and President: Thomas F. Ansilio, Jr.**

Mr. Ansilio has served as our President since our inception in January 2009. Since April 1992, he has managed Flower Tent Businesses under the Flower Tent mark in Pennsylvania.

**Co-Founder and Vice President: Timothy P. Ansilio**

Mr. Ansilio has served as our Vice President since our inception in January 2009. Mr. Ansilio has served as a Realtor for Keller Williams Real Estate in Clarks Summit, Pennsylvania since October 2020. Mr. Ansilio has also held multiple positions with The Flower Tent in Wyoming, Pennsylvania since April 1995, including serving as a Partner since February 2001; as a Regional Manager from February 1997 to January 2001; and as a Tent Operator from April 1995 to June 1997

**Operations Manager: Michele Mleczynski**

Ms. Mleczynski has served as our Operations Manager since March 2022. Ms. Mleczynski was retired from March 2020 to March 2022. She served as our Operations Manager from February 2017 to March 2020. From April 2013 to February 2017, Ms. Mleczynski served as our Office Manager.

**ITEM 3**

**LITIGATION**

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**

Single Unit Franchise Agreement. The Initial Franchise Fee under the Single Unit Franchise Agreement is \$29,900 and is paid for the right to develop and operate one Flower Tent Business in your Protected Territory. The Initial Franchise Fee is reduced to \$10,000 for your second Single Unit Franchise Agreement and to \$5,000 for each additional Single Unit Franchise Agreement that you sign. The Initial Franchise Fee must be paid to us no later than the date on which you sign the Single Unit Franchise Agreement. The Initial Franchise Fee is fully earned by us when received, is not refundable for any reason and is not credited against any other fees to be paid to us.

Multi-Unit Franchise Agreement. The Initial Franchise Fee under the Multi-Unit Development is \$49,500 and is paid for the right to develop and operate one to six Franchised Businesses in your Development Territory. The Initial Franchise Fee is reduced to \$25,000 for your second Multi-Unit Franchise Agreement and to \$15,000 for each additional Multi-Unit Franchise Agreement that you sign. The Initial Franchise Fee must be paid to us no later than the date on which you sign the Multi-Unit Franchise Agreement and you will not pay any additional Initial Franchise Fees for each Franchised Business that you develop under your Franchise Agreement. The Initial Franchise Fee is fully earned by us when received, is not refundable for any reason and is not credited against any other fees to be paid to us.



**VetFran Program.** If you (or a holder of at least a 51% ownership interest in your franchisee entity) provide us with a DD Form 214 or other adequate documentation demonstrating an honorable discharge from the United States military, we will reduce your Initial Franchise Fee by \$1,500.

\* \* \* \* \*

Generally, these initial fees are uniformly imposed on our franchisees, however, in certain unique circumstances, we may reduce or waive a fee for a particular franchisee.

## **ITEM 6**

### **OTHER FEES<sup>(1)</sup>**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalties	6% of Gross Sales <sup>(2)</sup>	Friday after Easter; Friday after Mother's Day; Friday after Memorial Day; July 15th (end of Spring Sales); and 2 <sup>nd</sup> Friday of November	Due for each Flower Tent Business that you operate. Royalties are withdrawn from your preauthorized checking account.
Advertising Fee	2% of Gross Sales	Same as Royalties	Due for each Flower Tent Business that you operate. The Advertising Fee will be withdrawn from your preauthorized checking account dedicated to your Flower Tent Businesses and contributed to the Flower Tent USA Advertising Fund.
Local Advertising	1% of Gross Sales	Not payable to us	You must spend 1% of your annual Gross Sales of each Flower Tent Business on local advertising.
Regional Advertising Fund or Cooperative	Up to 2% of Gross Sales	Same as Royalties	Due for each Flower Tent Business that you operate. If we establish a Regional Advertising Fund or Cooperative, you will be required to contribute all or a portion of the Advertising Fee or your Local Advertising expenditure for each Flower Tent Business to the Regional Advertising Fund or Cooperative. Affiliate-operated Businesses will have the same voting power as franchised Flower Tent Businesses, which will be one vote per Business.

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Attorneys' Fees, Costs and Expenses	Reasonable fees	As incurred	In the event of any claim, controversy or dispute arising out of or relating to the Franchise Agreement, the prevailing party may recover reasonable attorneys' fees, costs and expenses incurred in connection with any court proceeding.
Indemnification	Will vary depending on the particular situation in which indemnification is required	Upon demand	You must indemnify us against any costs, expenses, and damages we incur arising out of the operation of your Flower Tent Businesses or the actions of your employees.
Interest	Interest on the amount owed from the due date until paid	Upon demand	The interest rate is 1.5% per month (or, the highest amount permitted by law, if less)
Interim Operating Fee	Currently \$250 per day	As incurred	This fee is only applicable if you abandon or otherwise fail to operate a Flower Tent Business and we elect to operate it on your behalf.
Late Fee	\$50 per week	Weekly when any payment is past due	
Ongoing Training Fee	Currently, \$500 per day		We may charge tuition, registration or similar fees (which, may include among other fees, the then-current training fee) for these courses and training programs.
On-Site Consulting Fees	\$195 per day, plus travel, lodging and meal expenses	30 days after billing	We provide two on-site consultations per year at no charge. If you request additional on-site consultations, you must pay our On-Site Consulting Fee, plus our travel, lodging and meal expenditures.
POS – ERPLY License Fees	Currently, \$100 per operating month	Friday after Easter, Friday after Mother's Day and Friday after Memorial Day	Due for each Flower Tent Business that you operate. We pass this payment on to ERPLY for the POS system.
POS Support Fee	\$300 per year	1/3 due Friday after Easter, Friday after Mother's Day and Friday after Memorial Day	

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Relocation Fee	\$500 plus our reasonable expenses up to \$3,000	Upon our approval of your relocation request	Payable if you request our permission to relocate one of your Flower Tent Businesses outside the Protected Territory assigned to that Flower Tent Business.
Renewal Fee	Single Unit Franchise Agreement: \$5,000  Multi-Unit: \$5,000 plus \$300 for each Flower Tent Business in operation under the Multi-Unit Franchise Agreement at the time of renewal	At least 6 months before the end of the then-current term (initial or renewal)	The renewal fee will only be due if you wish to renew your Franchise Agreement after your initial term or any subsequent renewal term. If you have paid us a renewal fee before we notify you of our intention not to renew the Franchise Agreement, we will return the renewal fee to you.
Supplier Review	All expenses associated with the review	Upon demand	If you request our approval of an alternate supplier, you must pay all expenses associated with the examination or testing of the products or suppliers.
Transfer Fee	Single Unit Franchise Agreement: \$5,000  Multi-Unit Franchise Agreement \$5,000 plus \$500 for each Flower Tent Business in operation under the Multi-Unit Franchise Agreement that is subject to the transfer	Upon submission of the request for transfer and all pertinent terms of the transaction	We have the right to approve all transfers. There is no charge if your franchise is transferred to a corporation, partnership, limited liability company or other entity that is majority-owned by you. The Transfer Fee is refundable, minus out-of-pocket expenses incurred by Flower Tent USA, only in the event that Flower Tent USA does not approve the transfer contemplated by the request.

### **NOTES**

1. Unless otherwise stated, all fees are imposed by and payable to Flower Tent USA and are not refundable. Generally, all fees are uniformly imposed on our franchisees, however, in certain unique circumstances, we may reduce or waive a fee for a particular franchisee.

2. “Gross Sales” is defined as the sales from all services and products sold and any other fees collected by you at each Flower Tent Business, whether for on-site or off-site consumption. The term Gross

Sales does not include sales tax or use tax. You will report sales to us through the point of sale system that you use in each Flower Tent Business.

## **ITEM 7**

### **ESTIMATED INITIAL INVESTMENT**

#### **YOUR ESTIMATED INITIAL INVESTMENT SINGLE UNIT FRANCHISE AGREEMENT**

<b>Type of Expenditure</b>	<b>Amount</b>		<b>Method of Payment</b>	<b>When Due<sup>(1)</sup></b>	<b>To Whom Payment Is to Be Made</b>
	<b>Low</b>	<b>High</b>			
Insurance Deposits and Premiums <sup>(2)</sup>	\$500	\$1,000	Lump Sum	Before opening	Insurance carrier
Equipment <sup>(3)</sup>	\$9,000	\$13,000	Per Vendor Agreement	Per Vendor Agreement	Suppliers
POS System <sup>(4)</sup>	\$1,000	\$1,500	Lump Sum	As Incurred	Suppliers
Real Estate and Improvements per Selling Season <sup>(5)</sup>	\$1,500	\$5,000	Per Lease Agreement	Per Lease Agreement	Landlord
Signage <sup>(6)</sup>	\$300	\$800	Per Vendor Agreement	Per Vendor Agreement	Suppliers
Zoning <sup>(7)</sup>	\$10	\$1,500	As incurred	Before opening	Local Government
Tent <sup>(8)</sup>	\$2,500	\$12,500	Per Vendor Agreement	Per Vendor Agreement	Vendors
Opening Supplies <sup>(9)</sup>	\$100	\$1,000	Per Vendor Agreement	Per Vendor Agreement	Suppliers
Opening Inventory <sup>(10)</sup>	\$2,000	\$9,000	Per Vendor Agreement	Per Vendor Agreement	Suppliers
Utility, Water, and Telephone deposits, hookups, and fees <sup>(11)</sup>	\$0	\$200	Lump sum	Before opening	Utility, Water and Telephone Companies
Licenses and Permits <sup>(12)</sup>	\$40	\$100	As incurred	Before opening	Governmental Agencies
Additional Funds – First Selling Season <sup>(13)</sup>	\$500	\$3,000	As incurred	Before and after opening	Employees, Vendors, etc.
Professional Fees <sup>(14)</sup>	\$0	\$2,000	As incurred	Before opening	Suppliers

Type of Expenditure	Amount		Method of Payment	When Due <sup>(1)</sup>	To Whom Payment Is to Be Made
	Low	High			
Travel Expenses for Training <sup>(15)</sup>	\$150	\$1,500	As incurred	Before opening	Hotels and airlines
Initial Franchise Fee <sup>(16)</sup>	\$29,900	\$29,900	Lump Sum	Upon Signing of Franchise Agreement	Flower Tent USA
<b>TOTAL <sup>(17)</sup></b>	<b>\$47,500</b>	<b>\$82,000</b>			

**YOUR ESTIMATED INITIAL INVESTMENT  
MULTI-UNIT FRANCHISE AGREEMENT**

Type of Expenditure	Amount		Method of Payment	When Due <sup>(1)</sup>	To Whom Payment Is to Be Made
	Low	High			
Insurance Deposits and Premiums <sup>(2)</sup>	\$500	\$1,000	Lump Sum	Before opening	Insurance carrier
Equipment <sup>(3)</sup>	\$9,000	\$13,000	Per Vendor Agreement	Per Vendor Agreement	Suppliers
POS System <sup>(4)</sup>	\$1,000	\$1,500	Lump Sum	As Incurred	Suppliers
Real Estate and Improvements per Selling Season <sup>(5)</sup>	\$1,500	\$5,000	Per Lease Agreement	Per Lease Agreement	Landlord
Signage <sup>(6)</sup>	\$300	\$800	Per Vendor Agreement	Per Vendor Agreement	Suppliers
Zoning <sup>(7)</sup>	\$10	\$1,500	As incurred	Before opening	Local Government
Tent <sup>(8)</sup>	\$2,500	\$12,500	Per Vendor Agreement	Per Vendor Agreement	Vendors
Opening Supplies <sup>(9)</sup>	\$100	\$1,000	Per Vendor Agreement	Per Vendor Agreement	Suppliers
Opening Inventory <sup>(10)</sup>	\$2,000	\$9,000	Per Vendor Agreement	Per Vendor Agreement	Suppliers

Type of Expenditure	Amount		Method of Payment	When Due <sup>(1)</sup>	To Whom Payment Is to Be Made
	Low	High			
Utility, Water, and Telephone deposits, hookups, and fees <sup>(11)</sup>	\$0	\$200	Lump sum	Before opening	Utility, Water and Telephone Companies
Licenses and Permits <sup>(12)</sup>	\$40	\$100	As incurred	Before opening	Governmental Agencies
Additional Funds – First Selling Season <sup>(13)</sup>	\$500	\$3,000	As incurred	Before and after opening	Employees, Vendors, etc.
Professional Fees <sup>(14)</sup>	\$0	\$2,000	As incurred	Before opening	Suppliers
Travel Expenses for Training <sup>(15)</sup>	\$150	\$1,500	As incurred	Before opening	Hotels and airlines
Initial Franchise Fee <sup>(16)</sup>	\$49,500	\$49,500	Lump Sum	Upon Signing of Franchise Agreement	Flower Tent USA
<b>TOTAL FOR 1<sup>ST</sup> TENT<sup>(17)</sup></b>	<b>\$67,100</b>	<b>\$101,600</b>			
<b>TOTAL FOR EACH ADDITIONAL (2<sup>nd</sup> – 6<sup>th</sup>) TENT <sup>(17)</sup></b>	<b>\$17,600</b>	<b>\$52,100</b>	(Does not include the Initial Franchise Fee, which is paid when you sign the Franchise Agreement for up to 6 Tents)		
<b>TOTAL FOR 6 TENTS<sup>(17)</sup></b>	<b>\$155,100</b>	<b>\$362,100</b>			

## NOTES

**(1) General.** The table reflects the estimated initial investment to develop each Flower Tent Business. Unless otherwise stated, all fees and costs imposed by and payable to us and are not refundable. Whether any costs paid to third parties are refundable will vary based on the practice in the area where your Flower Tent Businesses are located.

**(2) Insurance Deposits and Premiums.** This estimate represents your estimated insurance costs for your first year of operation. Cost of coverage will vary based on the area in which your Flower Tent Businesses are located, your experience with the insurance carrier, the loss experience of the carrier and other factors beyond our control. We strongly recommend that you check with your insurance agent or broker regarding the actual premium cost and any additional insurance that the agent or broker recommends that you obtain for the operation of a Flower Tent Business. See Item 8 for additional information on the types of insurance coverage that we require.

**(3) Equipment.** These figures represent the estimated cost of purchasing equipment necessary to begin operating a Flower Tent Business. Equipment includes piping, fittings, pallets, hoses, frost blankets, display pots, tools and equipment needed for interior displays.

**(4) POS System.** These figures include the estimated cost to purchase an 8G Apple iPad with 4G cellular service, a barcode scanner, the ERPLY point of sale and inventory management software system for each Flower Tent Business.

**(5) Real Estate and Improvements.** If you do not own adequate land or space, you must lease or buy the land for each Flower Tent Business. Flower Tent Businesses are typically located in residential and suburban areas. We recommend that your location have 4,000 to 8,000 square feet for the retail space and 10 parking spaces. We estimate rent at \$1,500 to \$5,000 for the Selling Season, which you will pay to your landlord (if you rent) or your mortgage company (if you purchase), but can vary depending on any number of factors, including but not limited to, the size of your property, the location you select and the terms you negotiate with the landlord/seller. The rent you pay to the landlord may be based on a percentage of your sales. In this case, you may guarantee that a “minimum rent” will be paid to the landlord with a percentage of sales paid as “additional rent.” If you already own the land on which you intend to operate a Flower Tent Business, you will not incur any real estate costs.

**(6) Signage.** These figures represent the estimated cost of purchasing signage for each Flower Tent Business. Signage includes our standard interior and exterior signs; however, the cost for signage may vary based on the configuration of a Flower Tent Business, zoning requirements and restrictions of your landlord.

**(7) Zoning.** Zoning will vary based on your locality. You may need to produce proof of insurance, proof of federal identification, proof of permission from landlord, employee background checks, land development plans and parking requirements.

**(8) Tent.** This is an estimate to purchase or rent your tent and the cost of labor to assemble the tent.

**(9) Opening Supplies.** This estimate is for the initial purchase of office supplies that you will need to begin operation of a Flower Tent Business. If you already have basic office supplies such as paper and pens, you will not incur any additional expenses.

**(10) Opening Inventory.** This estimate is for the initial purchase of plants and flowers for each Flower Tent Business. It may be possible to obtain the opening inventory through credit with the various vendors.

**(11) Utility Deposits and Fees.** This estimate is for water deposits and fees. We recommend that you check the requirements in your local area. Most landlords provide the water for your business at no additional cost. If your landlord provides access to water at no charge, you will not incur any expenses for utility deposits or fees.

**(12) Licenses and Permits.** This estimate is for licenses and permits that may be necessary for operating each Flower Tent Business. It is your responsibility to pay for all licenses and permits you will need to perform the necessary construction and operate your business. These fees may vary significantly depending on your location. We recommend that you check with your local governmental authorities to determine which, if any, permits and licenses you will need and the cost of the permits and licenses before you sign a lease for a Flower Tent Business.

**(13) Additional Funds – First Selling Season.** This figure includes payroll costs and other working capital that you will need to operate each Flower Tent Business during the first Selling Season. Additional operating expenses will be incurred in connection with the on-going operation of your business and periodic reinvestment will be necessary following the initial Selling Season.

**(14) Professional Fees.** This includes miscellaneous items, including, but not limited to, your fees and expenses in incorporating or forming a business entity, attorneys' fees, and various other similar expenses. If you do not form a business entity or if you use an existing business entity and you if do not engage the services of any professional advisors, you will not incur any of these expenses.

**(15) Travel Expenses for Training.** This estimate includes the travel expenditures to attend the initial training program.

**(16) Initial Franchise Fee.** The details concerning the payment of the Initial Franchise Fee are included in Item 5.

**(17) Total.** The estimated initial investment is based on the experience of our founders in operating Flower Tent Businesses. Your costs may vary based on a number of factors including, but not limited to, the geographic area in which you open, local market conditions, the amount of leasehold improvement that are required to meet our standards, the time it takes to build sales, and your skills at operating a business. We do not provide financing to franchisees either directly or indirectly in connection with the initial investment requirements. The availability and terms of financing obtained from third parties will depend upon such factors as the availability of financing, your credit worthiness, collateral that you may make available, or policies of local lending institutions with respect to the nature of the business. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

#### **System Standards**

To ensure that the highest degree of quality and service is maintained at all Flower Tent Businesses, you must operate each Flower Tent Business in accordance with the Flower Tent operating system. We have developed the system based upon our experience and the experience of our founders. We disclose the operating system parameters to you in the Manual and otherwise in writing. We may periodically modify and supplement the system and we will notify you of these modifications and supplements in the Manual or other written communications.

#### **Approved Suppliers**

In order to maintain quality and consistency throughout the Flower Tent system, we require you to purchase 95% of your initial and ongoing inventory and equipment (e.g., tables, hoses, planters, soil, etc.), fixtures, décor and signage you may need from approved suppliers. The Manual contains a complete list of approved suppliers. The list is subject to change at our discretion and we will supply you with any updates to the list by electronic mail.

You may request to sell products not currently offered by us or purchase products from a supplier not previously approved by us by submitting a written request for approval. In particular, you should identify a local greenhouse to order products from in the event that our approved suppliers are running low



on stock. We may require you to submit samples or specifications for examination or testing to determine if the supplies or products meet our specifications in such areas as weight, size, shape, delivery, performance, consistency, warranties, design, appearance, supplier and price. You must pay all expenses associated with the examination or testing of the products or suppliers. We will advise you of our approval or denial of approval in writing or by telephone within seven days after receipt of all applicable information. Based on the information and samples you supply to us, we will test the items supplied and review the proposed suppliers' financial records, business reputation, delivery performance, credit rating and other information. We may re-inspect the facilities and products of any supplier and revoke our approval upon the suppliers' failure to continue to meet any of the foregoing criteria.

We and our affiliates may be an approved supplier for one or more products that you are required to purchase for each Flower Tent Business, however we and our affiliates are not the only approved supplier of any products that you are required to purchase. We may add a reasonable mark-up to some of the products that you are required to purchase from us to accommodate the costs associated with obtaining those products, such as development, our testing, and our establishment of a distribution network. Based on past experience with suppliers and present pricing, we anticipate selling these products at a lower price than other vendors and suppliers. We do not confer special or material benefits on franchisees that buy or lease from approved suppliers.

We estimate that your purchases from approved suppliers will represent approximately 95% of your total purchases in the establishment of each Flower Tent Business and 95% of your total purchases in your continuing operation of each Flower Tent Business.

We are not currently an approved supplier of any products that you are required to purchase for your Flower Tent Businesses and we did not receive any revenues, rebates or other material consideration based on franchisee purchases or leases in our last fiscal year.

In 2023, our affiliate, The Flower Tent, Inc., received revenues in the amount of \$62,944.63 from the sale of supplies and equipment to our franchisees, which is 5.9% of its total revenues of \$1,066,606.37 as reported in its 2023 financial statements. Our Co-Founder and President, Thomas F. Ansilio and our Co-Founder and Vice President, Timothy P. Ansilio, each own an interest in The Flower Tent, Inc.

We negotiate flower purchase arrangements with suppliers, including price terms, for the benefit of franchisees. There are no purchasing or distributing cooperatives at this time.

### **Computer and Point of Sale System**

You must purchase at least one 8G Apple iPad with 4G cellular service or a compatible tablet/notebook device that we approve and the ERPLY point of sale and inventory management software system to record sales at each Flower Tent Business. You will pay \$100 for each Flower Tent Business per operating month to us (or the current ERPLY rate for ERPLY provided maintenance) to maintain the point of sale system. You will also pay to us an annual Flower Tent point of sale maintenance fee in the amount of \$300 to assist you with the maintenance of your point of sale system. You must purchase at least one tablet and point of sale software package for each Flower Tent Business and pay the associated fees for each business.

You also must purchase and maintain a personal computer of your choosing with an Internet connectivity, cellular capability, and Microsoft Office to access documents, spreadsheets and price signs, and an e-mail address for purposes of communicating with us and other persons. See Item 11 for additional information regarding the computer system.

## **Electronic Payment Systems**

You must comply with our standards for processing electronic payments and any costs to do so are at your expense. You must abide by: (1) the Payment Card Industry Data Security Standards (“PCIDSS”) enacted by the applicable Card Associations (as they may be modified from time to time or as successor standards are adopted); (2) the Fair and Accurate Credit Transactions Act (“FACTA”); and (3) all other standards, laws, rules, regulations or any equivalent thereof applicable to electronic payments that may be published from time to time by payment card companies and applicable to electronic payments (“Electronic Payment Requirements”). If required by us or by one of the credit card companies, you must provide us with evidence of compliance with PCIDSS, FACTA, or applicable Electronic Payment Requirements and provide, or make available, to us copies of an audit, scanning results or related documentation relating to such compliance. Any costs associated with an audit or to gain compliance with PCIDSS, FACTA or any Electronic Payment Requirements shall be borne by you. If you have knowledge of or suspect a security breach, you must immediately notify us. You must promptly identify and remediate the source of any compromise. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of your Flower Tent Businesses.

## **Insurance**

You must, at your sole expense, purchase and maintain for each Flower Tent Business that you operate during the term of the Franchise Agreement, a comprehensive general liability insurance policy having a minimum limit of liability of \$1,000,000 and workers compensation insurance. The general liability insurance policy must name Flower Tent USA as an additional insured. Within five days after you sign the Franchise Agreement and as may otherwise be requested by us, you must provide us with a Certificate of Insurance naming Flower Tent USA as an additional insured on each general liability policy.

You may, at your sole expense, elect to obtain an excess umbrella insurance policy having a minimum limit of liability of \$1,000,000, \$75,000 of property insurance for the contents of each Flower Tent Business, business interruption insurance for each Flower Tent Business in the amount of at least \$50,000, and any other policies required by law (including, without limitation, workers compensation insurance) from companies reasonably satisfactory to us.

If you elect to obtain business interruption insurance, you shall, within five days after the execution of this Agreement and as may otherwise be requested by us, provide us with a Certificate of Insurance naming Flower Tent USA as an additional insured on the business interruption policy.

Your insurance policies must be in a form that is acceptable to us and may not be subject to cancellation or any material change except after 30 days’ prior written notice to us. Your insurance policies must provide that no failure of you to comply with any term, condition or provision of the contract, or other conduct by you, will void or otherwise affect the protection afforded to Flower Tent USA under the policy.

## **ITEM 9**

### **FRANCHISEE’S OBLIGATIONS**

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

<b>Obligation</b>	<b>Section of the Single Unit Franchise Agreement and Multi-Unit Franchise Agreement</b>	<b>Item in Disclosure Document</b>
a. Site selection and acquisition/ lease	3, 5	11
b. Pre-opening purchases/leases	4, 9(b), 9 (m)	7, 8 and 11
c. Site development and other pre-opening requirements	5	5, 6, 7 and 11
d. Initial and ongoing training	4	11
e. Opening	5	11
f. Fees	4(b), 6, 9(m), 10, 13, 15, and Guaranty Agreement	5, 6, and 7
g. Compliance with standards and policies/operating manual	8 and 9	8 and 11
h. Trademarks and Proprietary Information	11	13 and 14
i. Restrictions on products/services offered	9	8 and 16
j. Warranty and customer service requirements	9(i)	11
k. Territorial development and sales quotas	3	12
l. Ongoing product/service purchases	9	8, 11, and 16
m. Maintenance, appearance and remodeling requirements	9(e), 15(c)	11
n. Insurance	9(m)	7 and 8
o. Advertising	10	6 and 11
p. Indemnification	13	6, 13, and 14
q. Owner's participation/ management/staffing	9(f)	11 and 15
r. Records/reports	7	6
s. Inspections/audits	7 and 9(h)	6
t. Transfer	15	6 and 17
u. Renewal	16	17
v. Post-termination obligations	18	17
w. Non-competition covenants	14	6, 17 and Exhibit D
x. Dispute resolution	24	17

## **ITEM 10**

### **FINANCING**

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

## **ITEM 11**

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

**Except as listed below, Flower Tent is not required to provide you with any assistance:**

#### **Our Obligations Prior To Opening:**

Before you open each Flower Tent Business, we will:

- 1) Review and accept the location for each Flower Tent Business. (Franchise Agreement, Sections 3 & 5)
- 2) Identify the Protected Territory for each Flower Tent Business. (Franchise Agreement, Section 3)
- 3) Provide you with a copy of the Manual. A Table of Contents of the Manual is attached as Exhibit F. As of the date of this Disclosure Document, the Manual contained 247 pages. (Franchise Agreement, Section 8)

#### **Site Selection**

You are responsible for selecting the site for each Flower Tent Business within the Development Territory and acquiring a lease for, or purchasing the property on which each Flower Tent Business will operate. Unless otherwise agreed to by us, the site must be at least 2,000 square feet in area and have 10 parking spaces. You shall submit a list of possible sites to us along with a Google Earth link and additional information that you have regarding the proposed sites. We may, but are not required to, make a visit to your area to review the proposed sites. All proposed sites are subject to our prior written acceptance. We will use reasonable efforts to accept or reject a proposed site within five days after we receive your site package. If we do not accept a proposed site in writing in this time period, we will be deemed to have rejected the site. Our decision to accept or reject a site will be based on any number of factors, in our sole discretion, including, but not limited to, the rental/acquisition costs, local population, traffic patterns, proximity of competition and visibility.

Upon our acceptance of a site, and after you secure a leasehold interest or ownership interest in the site, we will insert the address into Exhibit A of the Single Unit Franchise Agreement and Exhibit B of the Multi-Unit Franchise Agreement and it will be the "Franchised Location". Although we will accept the location for each Flower Tent Business, this acceptance does not in any way guarantee the success of a Flower Tent Business. You must obtain our written acceptance of the site before you make any binding commitments related to the site. If you do not obtain our acceptance of a Franchised Location and open at least one Franchised Business within one year after signing the Franchise Agreement, we may terminate the Franchise Agreement. If you propose to lease or sublease a Franchised Location, you must provide us with a copy of the fully-executed lease or sublease for the Franchised Location (for a term, including renewal terms, for at least the term of the Franchise Agreement) within 30 days after we accept the site for a Flower Tent Business. We have the right to review the terms of the lease for the Franchised Location before you sign the lease. The lease must, in form and substance, be satisfactory to us; contain terms and

conditions and payments that are commercially reasonable in our opinion; and include any provisions that we may require.

#### *Length of Time between Agreement Signing and Opening*

Typically, you can expect to open your first Flower Tent Business between two months and 12 months after you sign the Franchise Agreement depending on the season in which you sign the Franchise Agreement. Factors affecting the length of time needed to open your Flower Tent Business usually include the ability to identify a site, negotiate and obtain a lease, financing, building permits, zoning and local ordinances, adverse weather conditions, shortages and delayed installation of equipment, fixtures and signs.

#### *Training Program*

Prior to the opening of your first Flower Tent Business, you must attend, successfully perform and complete each task to our satisfaction, in a two-day training program which covers operation and administration of a Flower Tent Business and two to three days of greenhouse visits. We offer the training program throughout the year on an as needed basis. You do not need to attend the training program prior to opening your additional Flower Tent Businesses.

We do not charge a tuition fee for you and one additional trainee to attend the training program, however, if you would like us to train additional personnel, then we reserve the right to charge you a reasonable tuition fee for these personnel. You are responsible for your and your trainee's wages and travel and living expenses associated with attending the training program. Any employee of yours that attends our training program must sign a written agreement to maintain the confidentiality of our proprietary information. A copy of the Confidentiality Agreement is attached as Exhibit D.

If you (or, if you are a business entity, the person who will be responsible for the operation of your Flower Tent Businesses) fail to satisfactorily complete the Training Program, in our sole discretion, you (or your designee) must attend and satisfactorily complete the Training Program a second time. If you (or your designee) fail to do so, then we may terminate the Franchise Agreement.

Our Vice President, Timothy P. Ansilio, who has more than 29 years of experience in training flower tent operators, is responsible for conducting the training program. Our President, Thomas F. Ansilio, Jr., who has 33 years of experience in training flower tent operators; and our Operations Manager, Michele Mleczynski, who has 18 years of experience with us, also assist in the training program.

We conduct the training program at our offices at 12 Apollo Drive in West Wyoming, Pennsylvania. We use the Manual as instructional material during the training program.

### **TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
POS/iPad Training	8	4	West Wyoming, PA
Equipment, Signage, Assembly	3	1	West Wyoming, PA
Tent Operations	1	1	West Wyoming, PA
Personnel	.5	0	West Wyoming, PA
Receiving / Deliveries	.5	2	West Wyoming, PA
Plant Care	.5	.50	West Wyoming, PA

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
Ordering / Inventory	1.25	.50	West Wyoming, PA
Paperwork	.75	0	West Wyoming, PA
In-House Marketing	.5	0	West Wyoming, PA
Total	16	9	

We may require you or other previously trained and experienced staff members to attend and complete satisfactorily various training courses that we periodically choose to provide at the times and locations that we designate, as well as periodic conventions, regional meetings, and conferences that we specify. We may require attendance at ongoing training programs at our headquarters for new employees, for any transferee, for any person who fails to attend a convention, regional meeting or conference as we require, and for certain owners and employees if we determine that your Flower Tent Businesses are not operating in accordance with the standards. Although we do not currently do so, we may charge tuition, registration or similar fees (which may include among other fees, the then-current training fee) for these courses and training programs in the future.

### **Our Obligations After Opening:**

During the operation of your Flower Tent Business, we will:

- 1) We may develop new service and product offerings and provide you with information about these developments. (Franchise Agreement, Section 9(b))
- 2) We will be available to you (by appointment) for telephone consultations regarding general questions and operational problems you may encounter. Annually, we will provide you up to two on-site consultations at your principal business address or one of your Flower Tent Businesses at no charge. We may conduct additional on-site consultations at times agreed to by you and us at our then-current daily rate, plus our travel, lodging and meal expenditures. (Franchise Agreement, Section 4(b))
- 3) We will conduct inspections of your Flower Tent Businesses and your records relating to your customers, suppliers, employees and agents. (Franchise Agreement, Section 9(h))
- 4) We may meet and communicate with, and solicit information from, your past and present employees, customers and suppliers to confirm: the quality and the adequacy of the services and products provided by you, to verify compliance with the terms of the Franchise Agreement, to confirm whether you are performing your obligations to those employees, vendors and customers and for any other purpose related to the Franchise Agreement and our franchise relationship. (Franchise Agreement, Section 9(i))
- 5) We may maintain a list of suggested prices for services and products offered at Flower Tent Businesses. (Franchise Agreement, Section 9(j))
- 6) We will conduct advertising on behalf of the entire Flower Tent system. Most advertising is done on a local and regional basis, and may include television, newspaper, radio, or billboard advertisements. (Franchise Agreement, Section 10(a))

### Point of Sale Systems

You must purchase and install for use with your Flower Tent Businesses a computerized point of sale system for each Flower Tent Business (with software approved by us), a personal computer, and other computer equipment, communications devices, and software systems designated by us. You must use only systems approved by us and must purchase the systems only from approved suppliers. The point-of-sale system must record sales, product usage and labor tracking and produce periodic reports for use by you and us. You must maintain an electronic connection between your systems and our systems; must use the systems in accordance with all policies and operational procedures we issue from time to time; must transmit data to us at the times we specify; must give us independent access to your systems and provide us with any user names and passwords necessary for that purpose; must maintain your systems in good working order at all times; must 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; and must ensure that your employees are adequately trained in the use of such systems and our related policies and procedures. You must bear all costs of installation, operation, maintenance and upgrade of your systems.

As disclosed in Item 8, you must purchase and use an Apple iPad or compatible tablet/notebook device and the ERPLY point of sale and inventory management software to record sales at each Flower Tent Business. You also must purchase a personal computer system with Internet connectivity and Microsoft Office. We estimate the cost of these systems will range from \$1,000 to \$1,500 if you have to purchase new systems. You will pay us \$100 per Flower Tent Business per operating month to us (or the current ERPLY rate for ERPLY provided maintenance), which we will pay to ERPLY for access to the ERPLY software. You will also pay to us an annual POS Support Fee in an amount of \$300 per year for us to provide maintenance and support for your point of sale system. We do not anticipate any additional maintenance expenses for the point of sale system.

### Advertising

Advertising Fund. You must spend a minimum of 3% of your annual Gross Sales on advertising.

We have established and maintain the Flower Tent USA Advertising Fund for the benefit of the Flower Tent system. We will withdraw an Advertising Fee in the amount of 2% of your Gross Sales from your pre-authorized account to contribute to the Advertising Fund on the Friday immediately following Easter, the Friday immediately following Mother's Day, the Friday immediately following Memorial Day, the Friday immediately following Father's Day, July 15<sup>th</sup>, and the second Friday of November.

We may use the Advertising Fees and any earnings of the Advertising Fund for any costs associated with advertising, marketing, public relations, promotional programs and materials (which may be national or regional in scope) and/or any other activities that we believe would benefit the Flower Tent system, including the following: advertising campaigns in various media; point-of-purchase materials; review of locally-produced ads; door hangers; free standing inserts; brochures; purchasing and/or developing promotional materials; market research, including secret shoppers; sponsorships; design and maintenance of a web site; celebrity endorsements; trade shows; association dues; search engine optimization costs; establishment of third party facility for customizing local advertising; accounting costs; and holding an annual franchisee convention. We will not use the Advertising Fund for anything whose sole purpose is the marketing of franchises, however, the Flower Tent web site, public relations activities, community involvement activities and other activities supported by the Advertising Fund may contain information about franchising opportunities. We have the right to direct all programs supported by the Advertising Fund, with final discretion over creative concepts, the materials and media used in the programs and their placement. We may work with an advertising agency in developing advertising, marketing, public relations,

promotional programs and materials. We do not guarantee that you will benefit from the Advertising Fund in proportion to your contributions to the Advertising Fund. Flower Tent Businesses operated by us and our affiliates will contribute to the Advertising Fund on the same basis as comparable franchisees.

We will deposit all contributions to the Advertising Fund in an account separate from our other funds and will not use them to defray any of our general operating expenses, except for reasonable administrative costs and overhead that we incur in activities reasonably related to the administration of the Advertising Fund or the management of Advertising Fund-supported programs (including salaries of our personnel who devote time to Advertising Fund activities). Any contributions to the Advertising Fund that are not spent in our fiscal year will carry over to our next fiscal year.

During 2023, the Advertising Fund contributions were spent as follows: 77% for television production and placement; 2% for production of marketing materials; 3% for media and public relations; 4% for administrative expenses; 5% for our advertising agency; 1% for research and development; and 8% for digital ads. We will prepare an unaudited statement of contributions and expenditures for the Advertising Fund within 60 days after the close of our fiscal year and provide it to franchisees who make a written request for a copy. We will have the right at any time to dissolve the Advertising Fund. If we dissolve the Advertising Fund, we will either expend all monies in the Advertising Fund or rebate contributions on a pro-rata basis.

Local Advertising. You are required to spend 1% of your annual Gross Sales on local advertising. All such advertisements shall comply with any standards established by us and shall be subject to prepublication review and written approval by us with respect to, but not limited to, context, style, appearance, composition, timing and media. All advertisements must be submitted to us via mail, e-mail or facsimile. We will inform you within three business days of receipt of any advertisement whether any such advertisement is acceptable to us. You do not have to seek such approval to reuse the same exact advertisement previously approved by us provided that such advertisement is: (1) reused in the same medium, and (2) published within one year from the date of our original approval. We will provide you a list of pre-designed advertising pieces, such as newspaper ads, coupons and postcards. Use of pre-designed advertising is subject to prepublication review and written approval by us with respect to context, timing and media. You must pay all printing costs involved in the creation of advertisements even if you use pre-designed advertising supplied by us. See Item 12 for information on advertising your Flower Tent Businesses in media that has a reach outside of your designated territory.

Regional Advertising. We reserve the right to establish regional advertising funds or cooperatives in the future. If we establish a regional advertising fund or cooperative in the geographical area that includes your Flower Tent Businesses, you will be required to contribute a portion of your required minimum advertising requirement (up to 2% of Gross Sales) to the regional advertising fund or cooperative. Flower Tent Businesses operated by us or our affiliates in an area covered by a regional advertising fund or cooperative will contribute to the regional advertising fund or cooperative on the same basis as comparable franchisees. If we establish a regional cooperative, monies in the cooperative may be spent for the purposes determined by majority vote of the cooperative on the basis of one vote for each Flower Tent Business in the cooperative. If the members of the cooperative are unable or fail to determine how to spend cooperative monies, we may assume this decision making authority following 10 days' advance written notice to the cooperative members.

We may, at no charge to you, periodically conduct promotional campaigns on a national or regional basis to promote the services offered by all Flower Tent Businesses. You are not obligated to participate in all promotional campaigns that we may establish for the region in which your business is located. Such promotional campaigns may include setting of prices for certain services and products.



We currently have an Advertising Board that consists of three appointed franchisees that advise us on advertising policies.

## **ITEM 12**

### **TERRITORY**

If you sign a Multi-Unit Franchise Agreement, we will assign a Development Territory to you in which you will identify locations for your Flower Tent Businesses. The factors that will be used to determine the size of your Development Territory will be the type of area where you will develop your Flower Tent Businesses and the population density in that area. In no event will the size of your Development Territory exceed an area covering a population of 75,000 households. We will not, during the Development Term (which expires on the date that you are required to open the last Flower Tent Business under the Development Schedule), operate or license others to operate, businesses identified in whole or in part by the Marks in the Development Territory without your prior written consent. These restrictions do not apply to any Flower Tent Businesses that are in operation or under lease, construction or other commitment to open in the Development Territory when you sign the Multi-Unit Franchise Agreement. If you fail to comply with the Development Schedule or if the Development Term expires, we may operate and license others to operate Flower Tent Businesses at any location in the Development Territory that is not within a Protected Territory assigned to another Flower Tent Business; however this will not result in a termination of your Multi-Unit Franchise Agreement for the Flower Tent Businesses that you have in operation.

After you have selected and we have accepted a suitable location for a Flower Tent Business within your Development Territory, we will assign a geographic area around that business in the Multi-Unit Franchise Agreement. We will not, during the term of the Multi-Unit Franchise Agreement, operate, or license others to operate, businesses identified in whole or in part by the Marks in a Protected Territory without your prior written consent. The factors that will be used to determine the size of your Protected Territory will be the type of area where you locate your Flower Tent Business and the population that lives within driving distance of your selected location. In no event will the size of your Protected Territory exceed a radius covering a population of 12,500 households. These restrictions do not apply to any Flower Tent Businesses that are in operation or under lease, construction or other commitment to open in any Protected Territory as of the date that we accept the location for your Flower Tent Business.

Your territorial rights in the Development Territory during the Development Term and in each Protected Territory during the term of the Franchise Agreement are conditioned on you not being in default of the Development Schedule, the Franchise Agreement or any other agreements with us or our affiliates, and you being current on all monetary obligations owed to us and our affiliates.

If you sign a Single Unit Franchise Agreement, we will assign a Protected Territory where you must identify a site for your Flower Tent Business. We will not, during the term of the Single Unit Franchise Agreement, operate, or license others to operate, businesses identified in whole or in part by the Marks in the Protected Territory without your prior written consent. The factors that will be used to determine the size of your Protected Territory will be the type of area where you intend to locate your Flower Tent Business and the population that lives within driving distance of your intended location. In no event will the size of your Protected Territory exceed an area covering a population of 12,500 households. These restrictions do not apply to any Flower Tent Businesses that are in operation or under lease, construction or other commitment to open in the Protected Territory as of the date that we sign the Single Unit Franchise Agreement.

You will have the exclusive right to advertise each Flower Tent Business and directly solicit customers inside the Protected Territory of that Flower Tent Business. You may not directly solicit customers outside of the Protected Territory for a Franchised Business or advertise your Flower Tent Business in media that will or may reach a significant number of people outside of its Protected Territory unless: (1) you have entered into an agreement with a franchisee in a neighboring territory to cooperatively advertise your and their Flower Tent Businesses; or (2) the advertisement covers multiple Flower Tent Businesses that you operate; or (3) you have obtained our prior written permission. We may establish rules and policies from time to time regarding advertising in media that extends beyond a territory. “Direct solicitation” includes, but is not limited to, solicitation in person, by telephone, by mail, by email, and by distribution of brochures, business cards or other materials. We may, in our sole discretion, grant permission to you to advertise and/or directly solicit customers in an open adjacent territory where no Flower Tent Businesses are operated, provided that should we sell that territory to a Flower Tent franchisee or designate that territory as an Affiliate-Operated territory, you would have to cease such marketing activities.

You will not receive an exclusive territory under the Multi-Unit Franchise Agreement or Single Unit Franchise Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution of competitive brands that we control.

Your Protected Territory shall in no way prevent us from selling products over the Internet, selling products through channels of distribution other than the operation of a retail Flower Tent business, or to Flower Tent Businesses within your territory. We are not required to pay to you any compensation for soliciting or accepting such orders.

Continuation of your rights regarding the Development Territory and any Protected Territory are not contingent upon your having met any particular sales volume, market penetration, or any other contingency, and we don’t have any right to alter the Development Territory or any Protected Territory provided under your Multi-Unit Franchise Agreement or Single Unit Franchise Agreement.

You are not allowed to sell any products (i.e., retail items) associated with your Flower Tent Businesses or in connection with the Flower Tent marks over the Internet. However, appointments for your location may be placed over the Internet.

Under the Multi-Unit Franchise Agreement and Single Unit Franchise Agreement, you may only operate a Flower Tent Business at a specific location. Any relocation of a Flower Tent Business will be subject to our approval, which may be granted or withheld, in our sole discretion. We generally will not approve a relocation request during the Selling Season. We do not charge a relocation fee if you request permission to relocate your Flower Tent Business within the Protected Territory assigned to that Flower Tent Business. However, if you request permission to relocate a Flower Tent Business outside its Protected Territory, you must pay a \$500 relocation fee plus our reasonable expenses up to \$3,000, payable upon our approval of your request to relocate your Flower Tent Business.


You do not receive any rights of first refusal, options or similar rights to develop or acquire additional Flower Tent Businesses under the Franchise Agreement, although you may apply for the right to do so.

### **ITEM 13**

#### **TRADEMARKS**

In the Franchise Agreement, we grant you the right to operate your Flower Tent Businesses under the name “FLOWER TENT” and all other names, trademarks, service marks and logos that we develop for the Flower Tent system (“Marks”).

We have registered the following Mark with the United States Patent and Trademark Office (“PTO”) on the Principal Register, and all required renewals and affidavits of continued use have been filed and accepted:

<b>Mark</b>	<b>Registration No.</b>	<b>Registration Date</b>
	5073090	November 1, 2016

There are no effective determinations of the PTO, the Trademark Trial and Appeal Board, or the trademark administrator of any state or court relating to the Marks. We know of no pending infringement, opposition, or cancellation proceedings or material litigation matters involving the Marks. There are no agreements currently in effect that significantly limit our rights within the United States, to use, or license the use, of the Marks in any manner material to your Flower Tent Businesses. We are aware of no superior prior rights or infringing uses that could materially affect your use of the Marks.

You must follow our rules when you use any of the Marks. You cannot use the Flower Tent Marks as part of your corporate name. You cannot use any other words, designs or symbols in connection with your Flower Tent Businesses except for those which we license to you. You may not use our Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

You must notify us immediately if you learn about a potential infringement of, or challenge to, your use of the Marks. We will take the action we think appropriate. We are not required to protect your right to use the Marks. We may, in our sole discretion, decide whether to institute any action in connection with an infringement of or a challenge to the Marks, and we will control all proceedings and litigation. The Franchise Agreement does not require us to defend you against a claim against your use of the Marks. However, we will indemnify you for, from and against all damages for which you are held liable in any lawsuit arising out of your use of Marks in compliance with the Franchise Agreement. To receive indemnification you must notify us immediately once you learn about the claim and you must assist us in defending the claim.

If we modify or discontinue use of any Marks you must, at your own expense, similarly modify or discontinue your use of the Marks within a reasonable time after we notify you of the change.

## **ITEM 14**

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

We do not own any patents, patent applications or copyrights that are material to your Flower Tent Businesses or the Flower Tent system; however, we grant you the right to use the proprietary information in the Manual, Sales and Control Spreadsheets, written materials and other proprietary information that we supply to you. Although we have not filed an application for a copyright registration for any of these materials, we claim a copyright in these materials and the information is proprietary.

When you sign your Franchise Agreement, we will loan you one hard cover copy of the Manual and/or a CD version of the Manual; a CD containing approved advertising material, including point of sale signage. You will be required to return all versions of the Manual to us upon termination or expiration of your Franchise Agreement. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Manual.

If we modify or discontinue use of any proprietary information you must, at your own expense, similarly modify or discontinue your use of the proprietary information within a reasonable time after we notify you of the change. However, if we require you to modify or discontinue use of the proprietary information at a time other than upon renewal of the franchise and Franchise Agreement, and that requirement is a direct result of proceedings or litigation that determined that we or our franchisees' use of the proprietary information infringed upon a third party's rights, we will bear the cost of those modifications or discontinuances.

There are no agreements currently in effect that significantly limit our right to use or allow others to use the Manual or proprietary information. We do not have any copyright licenses that are material to the franchise. We do not know of any infringing uses that could materially affect your use of these materials.

## **ITEM 15**

### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

We do not require that you personally supervise your Flower Tent Businesses; however, your Flower Tent Businesses must be directly supervised "on-premises" by an employee of yours who has satisfactorily completed the Flower Tent training program, unless we waive that requirement. Any employee of yours that attends our training program, must sign a written agreement to maintain confidentiality of the proprietary information described in Item 14. A copy of the Confidentiality Agreement is attached as Exhibit D.

Each entity and individual owning a 5% or greater equity interest in the franchisee entity (and his or her spouse) must sign a guaranty, which is attached as Exhibit B to the Single Unit Franchise Agreement and Exhibit C to the Multi-Unit Franchise Agreement, in which they agree to guarantee the franchisee entity's obligations to us and to be bound by the confidentiality provisions and restrictive covenants contained in the Franchise Agreement.

## **ITEM 16**

### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You may not operate any other business or engage in any other activity from the Franchised Locations of your Flower Tent Businesses, either under your trade name or under any other name, without our prior written consent. However, compatible businesses such as retail stores and restaurants may be operated adjacent to, abutting, and/or adjoining a Franchised Location. There may be open egress between each Flower Tent Business and the compatible businesses. The compatible businesses shall not constitute part of a Flower Tent Business nor shall we have any authority in connection with the compatible businesses. Any revenue derived from the compatible businesses shall not constitute Gross Sales of a Flower Tent Business.

We require you to offer and sell only those services and products that we have approved for Flower Tent Businesses. You must offer all services and products that we designate as required for Flower Tent Businesses. Currently, these required products include all flower products and other Flower Tent labeled merchandise that we may introduce from time to time. Inventory, supplies, and equipment used in your Flower Tent Businesses must be purchased from us or another approved supplier unless you request and receive permission from us to sell products not otherwise offered by Flower Tent Businesses.

We have the right to add additional authorized products and services that you are required to offer and to identify products and services that are no longer authorized. There are no limits on our right to do so.

## **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 Single Unit Franchise Agreement (SUFA) and Multi-Unit Franchise Agreement (MUFA)</b>	<b>Summary</b>
a. Length of the franchise term	SUFA and MUFA: 16(a)	10 years
b. Renewal or extension of the term	SUFA and MUFA: 16(b) and (c)	Two consecutive five-year terms
c. Requirements for you to renew or extend	SUFA and MUFA: 16(b) and (c)	In order to remain a franchisee for a renewal term, you must: be in good standing under your Franchise Agreement; provide timely notice of your intent to renew, pay the renewal fee, remodel, sign a new Franchise Agreement that may contain terms and conditions that are materially different from those in your original

<b>Provision</b>	<b>Section in Single Unit Franchise Agreement (SUFA) and Multi-Unit Franchise Agreement (MUFA)</b>	<b>Summary</b>
		agreement, including higher royalty rates and advertising contributions, sign a release (a copy of the current form of General Release is attached as Exhibit I); and possibly attend an additional or refresher training program.
d. Termination by you	SUFA and MUFA: Not applicable	
e. Termination by us without cause	SUFA and MUFA: Not applicable	
f. Termination by us with cause	SUFA and MUFA: 17	We may terminate upon default.
g. "Cause" defined – curable defaults	SUFA: 17(b)  MUFA: 17(c) and 17 (d)	You have 10 days to cure a default for non-payment of any fees owed. You have 30 days to cure if you breach the Franchise Agreement (besides payment of fees) and if you and/or your employee fail to satisfactorily complete the training program.
h. "Cause" defined – non-curable defaults	SUFA: 17(a)  MUFA: 17(a) and 17 (b)	Termination of Franchise Agreement: three or more notices of default in a 12 month period; abandonment; unauthorized transfer; violations of laws; termination of another agreement with us; underreporting of Gross Sales; bankruptcy; failure to obtain site acceptance and open at least one Flower Tent Business within one year; damage to our business, goodwill, reputation, services, products or service marks; fraud; and others. Termination of Franchise for one business: failure to obtain site acceptance and open within one year of the Franchise Agreement; operation violates law that remains uncorrected; failure to timely repair and reopen business after casualty.  Termination of Development Rights: failure to comply with the Development Schedule.

<b>Provision</b>	<b>Section in Single Unit Franchise Agreement (SUFA) and Multi-Unit Franchise Agreement (MUFA)</b>	<b>Summary</b>
i. Your obligations on termination/ nonrenewal	SUFA and MUFA: 18	Forfeit amounts paid, pay all amounts due to us within ten days, return all proprietary information, allow us to enter your premises to collect our property, cease all use of the Marks, and allow us to purchase all or any portion of your signage, equipment, inventory, décor, and other tangible assets.
j. Assignment of contract by us	SUFA and MUFA: 15(f)	There are no restrictions on our right to assign.
k. “Transfer” by you - defined	SUFA and MUFA: 15(b)	Includes sale or transfer of equipment or assets used in your Flower Tent Businesses, the franchise, your Flower Tent Businesses, and the Franchise Agreement. You must transfer all Franchised Businesses within the Development Territory if you undertake a transfer.
l. Our approval of transfer by you	SUFA and MUFA: 15	We have the right to approve all transfers in our sole discretion.
m. Conditions for our approval of transfer	SUFA and MUFA: 15(c)	You must: provide us with written notice of the terms of transfer and financial information about the transferee; pay a transfer fee; the new franchisee qualifies; new franchisee attends training, pays the then-current training fee and signs current Franchise Agreement and requires its principals to sign Guaranty; you remodel the Flower Tent Businesses’ premises; you pay all outstanding amounts owed to us; and you sign a release (a copy of the current form of General Release is attached as Exhibit I).
n. Our right to first refusal to acquire your business	SUFA and MUFA: 15(c)	If you attempt to transfer, we can purchase your business under the same terms and conditions that were offered to the potential transferee. We do not have a right of first refusal for transfers as a result of your death or disability.
o. Our option to purchase your business	SUFA and MUFA: 18(b)	We may, upon expiration or termination of the Franchise Agreement, purchase your signage and/or your equipment and tangible assets; the purchase price will be an amount equal to 50% of the original purchase price, less depreciation using a five-year life under a straight-line method.

<b>Provision</b>	<b>Section in Single Unit Franchise Agreement (SUFA) and Multi-Unit Franchise Agreement (MUFA)</b>	<b>Summary</b>
p. Your death or disability	SUFA and MUFA: 15(e)	The franchise must be transferred within 90 days upon your death or disability to a transferee approved by us.
q. Non-competition covenants during the term of the franchise	SUFA and MUFA: 14(b)	You and your principals may not disclose any Proprietary Information; hire, employ, or engage as an independent contractor any person who is or was employed or engaged as an independent contractor by us; or directly or indirectly engage in any sales of flowers and plants and related services.
r. Non-competition covenants after the franchise is terminated, expires, or is transferred	SUFA and MUFA: 14(b)	You and your principals may not disclose any Proprietary Information; hire, employ, or engage as an independent contractor any person who is or was employed or engaged as an independent contractor by us for the two-year period following expiration, termination, or transfer of the Franchise Agreement; or directly or indirectly engage in any sales of flowers and plants and related services within the Development Territory, within 10 miles of the border of the Development Territory, or within 10 miles of any then-existing Flower Tent business for a period of two years following the expiration, termination, or transfer of the Franchise Agreement.
s. Modification of the agreement	SUFA and MUFA: 22	All modifications to the Franchise Agreement must be in writing and signed by both parties.
t. Integration/merger clause	SUFA and MUFA: 22	Only the terms of the Franchise Agreement (subject to applicable state law) are binding. Any representations or promises outside this disclosure document and the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	SUFA and MUFA: Not Applicable	
v. Choice of forum	SUFA and MUFA: 24	Subject to state law, litigation must be commenced in the federal courts where we have our principal place of business at the time the action is commenced.
w. Choice of law	SUFA and MUFA: 24	Subject to state law, Pennsylvania law applies.



## **ITEM 18**

### **PUBLIC FIGURES**

We do not use any public figure to promote the sale of franchises for Flower Tent Businesses, although we reserve the right to do so in the future.

## **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 outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

**TABLE NO. 1**  
**2023 GROSS SALES – AFFILIATE-OPERATED TENTS**  
**(ON A PER TENT BASIS)**

	<b>All Tents (8 Tents)</b>
Average Gross Sales	\$118,816.99
No. and Percentage of Tents at or above Average	4/50%
Range of Gross Sales	\$42,875.39 - \$282,700.76
Median Gross Sales	\$106,713.89

**TABLE NO. 2**  
**2023 PROFIT AND LOSS STATEMENT – AFFILIATE-OPERATED TENTS**  
**(ON A PER TENT BASIS)**

<b>Category</b>	<b>Average Results</b>	<b>Percentage of Gross Sales</b>
Sales	\$125,457.72	
Sales Tax	\$5,919.06	
Gross Sales	\$119,538.66	100%
Cost of Goods Sold	\$63,636.55	53%
Gross Profit	\$55,902.11	47%
Royalties	\$5,001.79	4%
Tent operator cost/Labor	\$11,796.15	10%
Set up and tear down	\$1,500	1%
Rent	\$5,851.25	5%
All permits	\$485.13	0%
Utilities	\$45.53	0%

<b>Category</b>	<b>Average Results</b>	<b>Percentage of Gross Sales</b>
Insurance	\$1,750.00	1%
Fuel Expense	\$293.25	0%
Office Expense	\$145.49	0%
ERPLY Fees	\$350.00	0%
Bank Fees	\$125.00	0%
Merchant Service Fees	\$3,375.63	3%
Advertising Fund Fees	\$1,675.35	1%
Local Advertising	\$62.50	0%
Total Expenses	\$32,439.06	27%
EBITA	\$23,463.06	20%

\*All operational expenses and revenue have been expressed as a percentage of Gross Sales.

**TABLE NO. 3**  
**2023 GROSS SALES – AFFILIATE-OPERATED TENTS**  
**(ON A PER TENT BASIS)**

	<b>All Tents (8 Tents)</b>	<b>Top Third (3 Tents)</b>	<b>Middle Third (2 Tents)</b>	<b>Bottom Third (3 Tents)</b>
Average Gross Sales	\$118,816.99	\$188,014.93	\$106,713.89	\$57,687.80
Range of Gross Sales	\$42,875.39 - \$282,700.76	\$138,033.07 - \$282,500.76	\$86,213.35 - \$127,214.43	\$42,875.39 - \$78,867.21
Median Gross Sales	\$106,713.89	\$143,510.95	\$106,713.89	\$51,500.79
No. and Percentage of Tents at or above average	4/50%	1/33%	1/50%	1/33%

**TABLE NO. 4**  
**2023 GROSS SALES – FRANCHISEE-OPERATED TENTS**  
**(ON A PER TENT BASIS)**

	<b>All Tents (30 Tents)</b>
Average Gross Sales	\$104,861.46
No. and Percentage of Tents at or above Average	12/40%
Range of Gross Sales	\$38,897.13 - \$194,967.23
Median Gross Sales	\$97,964.62

**TABLE NO. 5**  
**2023 PROFIT AND LOSS STATEMENT–**  
**25 FRANCHISEE-OPERATED TENTS**  
**(ON A PER TENT BASIS)**

<b>Category</b>	<b>Average Results</b>	<b>Percentage of Gross Sales</b>
Sales	\$113,067.61	
Sales Tax	\$6,593.09	
Gross Sales	\$106,474.52	100%
Cost of Goods Sold	\$53,374.91	50%
Gross Profit	\$53,099.62	50%
Royalties	\$5,321.43	5%
Tent operator cost/Labor	\$12,757.18	12%
Set up and tear down	\$1,799.60	2%
Rent	\$3,956.37	4%
All permits	\$420.65	0%
Utilities	\$386.62	0%
Insurance	\$1,061.91	1%
Fuel Expense	\$971.10	1%
Office Expense	\$915.26	1%
ERPLY Fees	\$372.13	0%
Bank Fees	\$607.72	0%
Merchant Service Fees	\$2,182.83	2%
Advertising Fund Fees	\$164.81	2%
Local Advertising	\$314.59	0%
Total Expenses	\$32,762.20	31%
EBITA	\$20,337.42	19%

\*All operational expenses and revenue have been expressed as a percentage of Gross Sales.

**TABLE NO. 6**  
**2023 GROSS SALES – FRANCHISEE-OPERATED TENTS**  
**(ON A PER TENT BASIS)**

	<b>All Tents (30 Tents)</b>	<b>Top Third (10 Tents)</b>	<b>Middle Third (10 Tents)</b>	<b>Bottom Third (10 Tents)</b>
Average Gross Sales	\$104,861.46	\$147,385.30	\$98,417.91	\$68,781.17
Range of Gross Sales	\$38,897.13 - \$194,967.23	\$109,967.17 - \$194,967.23	\$89,962.59 - \$109,905.69	\$38,897.15 - \$81,599.17
Median Gross Sales	\$97,964.62	\$146,245.23	\$97,964.92	\$73,993.05
No. and Percentage of Tents at or above average	12/40%	5/50%	5/50%	6/60%

## NOTES

1. There were eight Affiliate-Operated Flower Tent Businesses operating as of December 31, 2023 (on a per tent basis). Table Nos. 1, 2, and 3 include data of eight Affiliate-Operated that were open during the entire 2023 Selling Season. The results shown in this Item 19 for the Affiliate-Operated Flower Tent Businesses were prepared from data compiled in the ordinary course of business by employees of Flower Tent or its affiliates. The Affiliate-Operated Flower Tent Businesses reflected in this financial performance representation offer services for sale that are substantially similar to the services that you will offer for sale in your franchised Flower Tent Businesses.

2. There were 33 Affiliate-Operated Flower Tent Businesses operating as of December 31, 2023 (on a per tent basis). Table Nos. 4 and 6 include data of 30 franchised Flower Tent Businesses that were open during the entire 2023 Selling Season and exclude data of 5 franchised Flower Tent Businesses that closed and did not re-open for the 2023 Selling Season and 3 franchised Flower Tent Businesses that were not open for the entire 2023 Selling Season. Table 5 includes the data of 25 Franchised Flower Tent Business that were open during the entire 2023 Selling Season and excludes the data of 5 franchised Flower Tent Businesses that closed and did not re-open for the 2023 Selling Season and 3 franchised Flower Tent Businesses that were not open for the entire 2023 Selling Season and 5 Franchised Flower Tent Businesses that did not provide their Profit and Loss Statements to us. The results in this Item 19 for the Franchised Flower Tent Businesses are based on sales reports and profit and loss statements supplied by our franchisees. The results are unaudited.

3. The Franchised Flower Tent Businesses in this Item 19 pay similar royalty fees and brand fund contributions as you will pay.

4. “Gross Sales” is defined as the sales from all services and products sold and any other fees collected by each Flower Tent Business, whether for on-site or off-site consumption. The term Gross Sales does not include sales tax or use tax.

5. “Costs of Goods Sold” consists of the total acquisition costs of the products sold.

6. “Gross Profit” is calculated by subtracting the Costs of Goods Sold from Net Sales.

7. “EBITA” means earnings before interest, taxes and amortization.

8. You should conduct an independent investigation of the costs and expenses you will incur in operating a franchised Flower Tent Business. Franchisees or former franchisees listed in this disclosure document may be one source of this information. Written substantiation for this financial performance representation will be made available upon reasonable request.

\* \* \*

**Some Flower Tent Businesses have earned this much. Your individual results may differ. There is no assurance that you’ll earn as much.**

Other than the preceding financial performance representation, Flower Tent USA, Inc. does 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 Thomas F. Ansilio at 1-877-356-9700 or P.O. Box 1675, Kingston, PA 18704, the Federal Trade Commission and the appropriate state regulatory agencies.

## **ITEM 20**

### **OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**  
**Systemwide Flower Tent Business Summary**  
**For Years 2021 to 2023<sup>(1)</sup>**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets as the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised Businesses	2021	52	42	-10
	2022	42	37	-5
	2023	37	33	-4
Affiliate-Operated Businesses	2021	11	8	-3
	2022	8	8	0
	2023	8	8	0
Total	2021	63	50	-13
	2022	50	45	-5
	2023	45	41	-4

**Table No. 2**  
**Transfers of Outlets from Franchisees to New Owners**  
**(other than Flower Tent USA or its Affiliates)**  
**For Years 2021 to 2023<sup>(1)</sup>**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
NE	2021	0
	2022	5
	2023	0
Totals	2021	0
	2022	5
	2023	0

**Table No. 3**  
**Status of Franchised Flower Tent Businesses**  
**For Years 2021 to 2023<sup>(1)</sup>**

<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Terminations<sup>(2)</sup></b>	<b>Non-Renewals</b>	<b>Reacquired by Franchisor</b>	<b>Ceased Operations: – Other Reasons</b>	<b>Outlets at End of the Year<sup>(3)</sup></b>
CA	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations <sup>(2)</sup>	Non-Renewals	Reacquired by Franchisor	Ceased Operations: – Other Reasons	Outlets at End of the Year <sup>(3)</sup>
	2023	0	0	0	0	0	0	0
FL	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2021	0	0	0	0	0	0	0
GA	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
MD	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0
	2021	5	0	0	0	0	0	5
NE	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2021	1	0	0	0	0	0	1
NJ	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
	2021	2	0	0	0	0	0	2
NY	2022	2	1	0	0	0	2	1
	2023	1	0	0	0	0	0	1
	2021	41	1	0	0	0	10	32
PA	2022	32	1	0	0	1	3	29
	2023	29	0	0	0	0	4	25
	2021	1	0	0	0	0	1	0
TX	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2021	52	1	0	0	0	11	42
Totals	2022	42	3	0	0	1	7	37
	2023	37	1	0	0	0	5	33

**Table No. 4**  
**Status of Affiliate-Operated Flower Tent Businesses**  
**For Years 2021 to 2023 <sup>(1)</sup>**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Pennsylvania	2021	11	0	0	3	0	8
	2022	8	0	1	1	0	8
	2023	8	0	0	0	0	8
Totals	2021	11	0	0	3	0	8
	2022	8	0	1	1	0	8
	2023	8	0	0	0	0	8

**Notes for Table Nos. 1 – 4 in Item 20:**

- 1) The numbers for 2021 to 2023 are as of December 31 of each year and reflect the number of Flower Tent Businesses in operation (on a per tent basis) during that year. States not listed had no activity. If multiple events occurred, the tables show the event that occurred last in time.
- 2) Exhibit J contains contact information for franchisees whose franchises were terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during our last fiscal year or who have failed to communicate with us within 10 weeks of the date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.
- 3) Exhibit J contains contact information for our current franchisees.

**Table No. 5**  
**Projected Openings As Of December 31, 2023**

STATE	FRANCHISE AGREEMENTS SIGNED BUT ALL OUTLETS TO BE DEVELOPED UNDER THE FRANCHISE AGREEMENT ARE NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW AFFILIATE- OPERATED OUTLETS IN THE NEXT FISCAL YEAR
GA	1	2	0
<u>Totals</u>	<u>1</u>	<u>2</u>	<u>0</u>

During the last three fiscal years, we have not signed any confidentiality clauses with current or former franchisees that would restrict their ability to speak openly with you about their experience with us. There are no trademark-specific franchisee organizations associated with the Flower Tent system.

**ITEM 21**

**FINANCIAL STATEMENTS**

Audited Financial Statements for the years ended December 31, 2021, December 31, 2022 and December 31, 2023 are attached as Exhibit A. Our fiscal year ends on December 31.

**ITEM 22**

**CONTRACTS**

The following agreements are attached to this Disclosure Document:

Exhibit B – Single Unit Franchise Agreement

Exhibit C - Multi-Unit Franchise Agreement

Exhibit D – Confidentiality Agreement

Exhibit I – General Release

## **ITEM 23**

### **RECEIPTS**

The final two pages of this Disclosure Document are detachable documents acknowledging your receipt of the Disclosure Document. If those pages, or any other pages or exhibits are missing from your Disclosure Document, please notify us immediately.



**EXHIBIT A**  
**FINANCIAL STATEMENTS**

**Financial Statements**

**FLOWER TENT USA, Inc.**

**Years ended December 31, 2023, and 2022**

**With Report of Independent Registered Public Accounting Firm**

**Rainey & Rainey**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**FLOWER TENT USA, Inc.**  
**Audited Financial Statements**  
*Years ended December 31, 2023 and 2022*

Index to Financial Statements:

Independent Auditors Report	1
Balance Sheet	3
Statement of operations	4
Statement of shareholders' equity	5
Statement of cash flows	6
Notes to financial statements	7

**Rainey & Rainey**  
**Certified Public Accountants**

*Members of American Institute of Certified Public Accountant*  
*Members of Pennsylvania Institute of Certified Public Accountants*

1151A Highway 315  
Plains, PA 18702  
(570) 824-6276  
(570) 822-5811 (Fax)

3 West Olive Street, Suite 204  
Scranton, PA 18705  
(570) 343-8515  
(570) 343-3001 (Fax)

Thomas P. Rainey, CPA  
Richard P. Rainey, CPA

**Independent Auditor's Report**

Owners of Flower Tent USA, Inc.  
12 Apollo Drive  
West Wyoming, PA 18644

**Opinion**

We have audited the financial statements of Flower Tent USA, Inc., which comprise the balance sheets as of December 31, 2023, and 2022, and the related statements of operations, changes in stockholders' equity, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Flower Tent USA, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Flower Tent USA, Inc. and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 the financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether these are conditions or events considered in the aggregate, that raise substantial doubt about Flower Tent USA, Inc.'s ability to continue as a going concern for the next twelve months.

**Auditor's Responsibility**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's 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 and Government 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain and 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 Flower Tent USA, Inc. internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Flower Tent USA, Inc. ability to continue as a going concern for a reasonable period of time.

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

*Richard Rainey*

Rainey & Rainey  
Scranton, Pennsylvania  
April 29, 2024

# Flower Tent USA, Inc.

## Balance Sheets

### Assets:

	December 31,	
	2023	2022
Current assets		
Cash on hand	\$ 64,114	\$ 33,623
Accounts receivable	-	-
Franchise notes receivable	-	-
Total Current assets	64,114	33,623
Intercompany balance receivable - Related Parties	1,591,346	1,531,721
Organization costs	10,200	10,200
Intangible assets	1,716,122	1,716,122
Total assets	<u>\$ 3,381,782</u>	<u>\$ 3,291,666</u>

### Liabilities and Owners Equity

#### Current liabilities

Accounts payable	\$ 11,560	\$ 11,333
Line of credit payable	250,000	250,000
Loans from owners	56,450	58,000
Current liabilities	<u>318,010</u>	<u>319,333</u>
Loans payable	131,500	131,500
Total liabilities	<u>449,510</u>	<u>450,833</u>

#### Stockholders' equity:

Capital contributions	1,726,322	1,726,322
Retained earnings	1,205,950	1,114,511
Total Stockholders' equity	<u>2,932,272</u>	<u>2,840,833</u>
Total liabilities and owners equity	<u>\$ 3,381,782</u>	<u>\$ 3,291,666</u>

*See Independent Auditors Report and Notes to the Financial Statements*

## Flower Tent USA, Inc.

### Statement of operations

	Years ended December 31,	
	2023	2022
Revenues:		
Franchise fee	\$ -	\$ 55,500
Premium location revenue	-	-
Royalties	196,095	202,114
	196,095	257,614
Operating expenses:		
Advertising and promotion	\$ 250	\$ 2,199
Automobile expenses	-	-
Bank charges	6,739	1,503
Dues and subscriptions	-	3,050
Franchise consultants	-	-
Interest expense	18,590	11,023
Management fee's - Related Party	80,000	80,000
Office expense	-	2,601
Payroll expenses	-	-
Professional fees	12,906	43,750
Rent expense	-	-
Referral fee	-	30,000
Training and travel	-	-
Website Maintenance	868	2,492
Total operating expenses	119,353	176,618
Net income before other income and expenses	76,742	80,996
Other (income) and expenses:		
Advertising royalty payments	(62,197)	(60,654)
Advertising expenses	47,500	51,947
Franchisee pass-through income	-	-
Interest income	-	-
Total other expense (income)	(14,697)	(8,707)
Net income	\$ 91,439	\$ 89,703

*See Independent Auditors Report and Notes to the Financial Statements*

# Flower Tent USA, Inc.

## Statement of Changes in Stockholders' Equity

For the Period December 31, 2020 through December 31, 2022

	<u>Capital Contribution</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance December 31, 2021	\$ 1,726,322	\$ 1,044,508	\$ 2,770,830
Distributions - net		(19,700)	(19,700)
Net income December 31, 2022		89,703	89,703
Balance December 31, 2022	<u>\$ 1,726,322</u>	<u>\$ 1,114,511</u>	<u>\$ 2,840,833</u>
Distributions - net		-	-
Net income December 31, 2023		91,439	91,439
Balance December 31, 2023	<u><u>\$ 1,726,322</u></u>	<u><u>\$ 1,205,950</u></u>	<u><u>\$ 2,932,272</u></u>

*See Independent Auditors Report and Notes to the Financial Statements*



## Flower Tent USA, Inc.

### Statement of cash flows

	Years ended December 31,	
	2023	2022
<b>Operating activities:</b>		
Net income	\$ 91,439	\$ 89,703
Adjustments to reconcile net loss to cash from operating activities:		
(Decrease) increase in accounts and notes receivable	-	-
Increase in accounts payable and accrued expenses	227	641
Decrease in deferred revenue	-	-
Net cash provided by operating activities	91,666	90,344
<b>Financing activities:</b>		
Distributions to owners	-	(19,700)
Bank loan funds received (paid)	-	-
Funds (paid to) / loaned from Owners'	(1,550)	(30,000)
Intercompany funds received / (advanced)	(59,625)	(71,128)
Net cash used in financing activities	(61,175)	(120,828)
Net decrease in cash	30,491	(30,484)
Cash on hand beginning of year	33,623	64,107
Cash at end of year	\$ 64,114	\$ 33,623

*See Independent Auditors Report and Notes to the Financial Statements*

**FLOWER TENT USA, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**1. Organization**

Flower Tent USA, Inc. is a business organized to provide franchise opportunities for individuals and organizations interested in owning and operating retail establishments focused on the sale and distribution of flowers and floral related products. The business offers services and support to prospective franchisors for the establishment, maintenance and operation of roadside sites for the retail sale of flowers and floral items.

**2. Business Entity**

Flower Tent USA, Inc. was organized by its owners who have owned and operated retail locations for the sale and distribution of flowers and floral items. The business was originated on June 1, 2008. The business is organized by its owners around the FLOWER TENT ® trademark plus the intangible asset in the form of “know-how” for the set-up, maintenance, ownership and operation of retail flower and floral sale activities.

The business, which consists of the intangible assets, organization costs incurred, and cash were transferred to a corporation, Incorporated in the State of Pennsylvania on January 20, 2009.

The Company is organized as a Sub-Chapter S corporation in accordance with the Internal Revenue Code. A Sub-Chapter S Corporation does not pay income tax but instead passes the income through to its shareholders who then in turn pay taxes on the income. There is no provision for tax liability or expense recorded.

Organization costs were capitalized as incurred during the inception of the business.

**FLOWER TENT USA, Inc.**  
**Notes to Financial Statements**

**3. Accounting Principles**

**Basis of Presentation**

The financial statements have been prepared assuming that the Company will continue as a going concern.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

**Accounts and Notes Receivable**

The company bills royalties to the Franchisee's incrementally throughout the year while also billing the Franchisee's for products it procures on behalf of the Franchisee's when shipped or delivered. These unpaid amounts are maintained in accounts receivable.

Notes receivable are recorded for certain Franchisee's when the payment terms are expected to be beyond those ordinary and customary for the re-payment of the obligation.

**Deferred Franchise Costs**

In accordance with Franchisee's receiving a license to sell flowers under the Flower Tent USA brand they pay an up-front fee to license the approved location in addition for ongoing consulting and training support. These fees's are recorded as deferred liabilities and amortized into income over the years of the operation of the franchise agreement. Non-refundable payments are recognized into income in the year they are received. All current franchise fees are recognized into income upon receipt due to the fact they are non-refundable.

## **FLOWER TENT USA, Inc.**

### **Notes to Financial Statements**

#### **Revenue Recognition**

The Company collects revenues from its Franchisee's based upon the volume of sales of product conducted at the licensed location in accordance with the Franchise Agreement entered between Flower Tent USA and the Franchisee. Unpaid balances are reported as accounts receivable at the end of the year. As of December 31, 2023 and 2022 there were no unpaid franchise fees.

#### **Concentrations of Credit Risk**

Financial instruments that potentially subject the Company to credit risk are principally cash and accounts receivable. Cash consists of checking accounts, money market accounts and a certificate of deposit. The Company places its cash with its principal bank that is a high credit quality financial institution. Cash deposits generally are in excess of the FDIC insurance limits. Credit limits, ongoing credit evaluations, and account monitoring procedures are utilized to minimize the risk of loss from accounts receivable. Collateral is generally not required.

#### **4. Intangible Asset**

In accordance with FASB Accounting Standards Codification 350, previously, Financial Accounting Standards Board Statement 142, "Goodwill and other intangible assets" the company has recorded the value of costs incurred in developing the know-how and goodwill related to the establishment of the business and the filing of the federal trademark application with the United States Patent and Trademark Office for FLOWER TENT, as well as the related know-how associated with the establishment, maintenance and operation of retail flower and floral distribution businesses.

The value of this asset was determined using a discounted cash flow model to estimate the expected cash flows and the terminal value of the assets as of the current date. We tested the value of the asset as disclosed and noted no requirement to recognize impairment charges.

## **FLOWER TENT USA, Inc.**

### **Notes to Financial Statements**

#### **5. Loans Payable**

Loans payables consist of two separate obligations:

##### **SBA Covid-19 Loan:**

The Company received a loan through the Small Business Administration (SBA) Economic Injury Disaster Loan Program (EIDL), in the amount of \$131,500, as part of the Federal Governments efforts to assist affected Companies due to the impact of the Covid-19 Pandemic. The loan is payable over 30 years at 3.75% interest. Repayment terms have not begun and are not certain so we categorized the entire loan as long-term.

##### **FNCB Lines of Credit**

The Company has two lines of credit outstanding with the FNCB in the amounts of \$100,000 and \$150,000. The notes bear interest at 5% and are renewable on an annual basis.

#### **6. Advertising royalties and expenses**

In accordance with the franchise agreements the Franchisee's are required to pay an advertising royalty to Flower Tent USA based as a straight percentage of their gross sales recorded net of taxes. Flower Tent USA is required to then purchase advertising in the various markets in which the franchised businesses are operated. Advertising royalties and advertising expenses incurred are reported as other income on the income statement.

#### **7. Related party transactions**

Flower Tent USA has an affiliated entity, The Flower Tent that is an operating entity that also operates road-side flower tents under the Flower Tent banner. The Flower Tent also provides ancillary support services to Franchisee's in Flower Tent USA in the form of purchasing supplies of product to be sold at their locations, providing equipment and supplies for the tents and the related location expenses and through consulting and support regarding tent set-up and layout. The Flower Tent also contributes a percentage of its gross revenues in support of the advertising fund noted above. Certain times cash is advanced between the two entities for the purposes of cash management and tax planning. During the years ending December 31, 2023 and 2022 The Flower Tent paid royalty fees of \$39,914 and \$51,462, respectively, and advertising fees of \$13,259 and \$21,645 respectively. A management fee of \$80,000 was paid each year.

## **FLOWER TENT USA, Inc.**

### **Notes to Financial Statements**

#### **8. COVID-19 Impact on Business Operations, Going Concern and Intangible Asset Valuation**

On March 11, 2020 the World Health Organization (WHO) declared COVID-19 a pandemic. On March 27, 2020 the United States Government enacted the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) in response to the expected economic fallout of the COVID-19 pandemic. Various States through which the Company's Franchisors operate, the bulk of which is Pennsylvania, enacted certain restrictions on business operations or completely did not allow businesses to operate at the beginning of the pandemic. Due to the fact that the Company's main selling season consists of a short period over the spring and summer season the operations of the individual Franchisors were significantly affected with certain choosing not to operate.

We considered the impact of the COVID-19 pandemic on the valuation of assets, specifically the intangible assets on the balance sheet. As of the date of these financial statements we believe all Franchisor's will be operational for the 2021 selling season and thus do not see any decline in the value of the Intangible Assets as established.

We considered the impact of the COVID-19 pandemic on the entities ability to continue as a going concern. Based upon our analysis and the Federal Assistance provided through the CARES Act to defer current losses and allow them to be repaid over a thirty-year period, we feel the businesses ability to continue as a going concern has not be impacted.

**Financial Statements**

**FLOWER TENT USA, Inc.**

**Years ended December 31, 2022 and 2021**

**With Report of Independent Registered Public Accounting Firm**

**Rainey & Rainey**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**FLOWER TENT USA, Inc.**  
**Audited Financial Statements**  
***Years ended December 31, 2022 and 2021***

Index to Financial Statements:

Independent Auditors Report	1
Balance Sheet	3
Statement of operations	4
Statement of shareholders' equity	5
Statement of cash flows	6
Notes to financial statements	7



**Rainey & Rainey**  
**Certified Public Accountants**

*Members of American Institute of Certified Public Accountant*  
*Members of Pennsylvania Institute of Certified Public Accountants*

1151A Highway 315  
Plains, PA 18702  
(570) 824-6276  
(570) 822-5811 (Fax)

3 West Olive Street, Suite 204  
Scranton, PA 18705  
(570) 343-8515  
(570) 343-3001 (Fax)

Thomas P. Rainey, CPA  
Richard P. Rainey, CPA

**Independent Auditor's Report**

Owners of Flower Tent USA, Inc.  
12 Apollo Drive  
West Wyoming, PA 18644

**Opinion**

We have audited the financial statements of Flower Tent USA, Inc., which comprise the balance sheets as of December 31, 2022, and 2021, and the related statements of operations, changes in stockholders' equity, and 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Flower Tent USA, Inc. and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 the financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether these are conditions or events considered in the aggregate, that raise substantial doubt about Flower Tent USA, Inc.'s ability to continue as a going concern for the next twelve months.

**Auditor's Responsibility**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's 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 and Government 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain and 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 Flower Tent USA, Inc. internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Flower Tent USA, Inc. ability to continue as a going concern for a reasonable period of time.

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

**Rainey &  
Rainey, CPAs**

Digitally signed by  
Rainey & Rainey, CPAs  
Date: 2023.04.28 11:37:30  
-04'00'

Rainey & Rainey  
Scranton, Pennsylvania  
April 27, 2023

# Flower Tent USA, Inc.

## Balance Sheets

### Assets:

	December 31,	
	2022	2021
Current assets		
Cash on hand	\$ 33,623	\$ 64,107
Accounts receivable	-	-
Franchise notes receivable	-	-
Total Current assets	33,623	64,107
Intercompany balance receivable - Related Parties	1,531,721	1,460,593
Organization costs	10,200	10,200
Intangible assets	1,716,122	1,716,122
Total assets	<u>\$ 3,291,666</u>	<u>\$ 3,251,022</u>

### Liabilities and Owners Equity

#### Current liabilities

Accounts payable	\$ 11,333	\$ 10,692
Line of credit payable	250,000	250,000
Loans from owners	58,000	88,000

Current liabilities	319,333	348,692
---------------------	---------	---------

Loans payable	131,500	131,500
---------------	---------	---------

Total liabilities	450,833	480,192
-------------------	---------	---------

#### Stockholders' equity:

Capital contributions	1,726,322	1,726,322
Retained earnings	1,114,511	1,044,508

Total Stockholders' equity	2,840,833	2,770,830
----------------------------	-----------	-----------

Total liabilities and owners equity	<u>\$ 3,291,666</u>	<u>\$ 3,251,022</u>
-------------------------------------	---------------------	---------------------

*See Independent Auditors Report and Notes to the Financial Statements*

# Flower Tent USA, Inc.

## Statement of operations

	Years ended December 31,	
	2022	2021
Revenues:		
Franchise fee	\$ 55,500	\$ 49,900
Premium location revenue	-	-
Royalties	202,114	211,533
	<u>257,614</u>	<u>261,433</u>
Operating expenses:		
Advertising and promotion	\$ 2,199	\$ -
Automobile expenses	-	-
Bank charges	1,503	1,767
Dues and subscriptions	3,050	-
Franchise consultants	-	43,000
Interest expense	11,023	13,272
Management fee's - Related Party	80,000	80,000
Office expense	2,601	3,023
Payroll expenses	-	-
Professional fees	43,750	7,841
Rent expense	-	-
Referral fee	30,000	-
Training and travel	-	-
Website Maintenance	2,492	7,804
	<u>176,618</u>	<u>156,707</u>
Total operating expenses	176,618	156,707
Net income before other income and expenses	<u>80,996</u>	<u>104,726</u>
Other (income) and expenses:		
Advertising royalty payments	(60,654)	(62,983)
Advertising expenses	51,947	31,012
Franchisee pass-through income	-	-
Interest income	-	-
	<u>(8,707)</u>	<u>(31,971)</u>
Total other expense (income)	(8,707)	(31,971)
Net income	<u>\$ 89,703</u>	<u>\$ 136,697</u>

*See Independent Auditors Report and Notes to the Financial Statements*

**Flower Tent USA, Inc.**

**Statement of Changes in Stockholders' Equity**

**For the Period December 31, 2020 through December 31, 2022**

	<b><u>Capital Contribution</u></b>	<b><u>Retained Earnings</u></b>	<b><u>Total</u></b>
Balance December 31, 2020	\$ 1,726,322	\$ 949,661	\$ 2,675,983
Distributions - net		(41,850)	(41,850)
Net income December 31, 2021		136,697	136,697
Balance December 31, 2021	<u>\$ 1,726,322</u>	<u>\$ 1,044,508</u>	<u>\$ 2,770,830</u>
Distributions - net		(19,700)	(19,700)
Net income December 31, 2022		89,703	89,703
Balance December 31, 2022	<u><u>\$ 1,726,322</u></u>	<u><u>\$ 1,114,511</u></u>	<u><u>\$ 2,840,833</u></u>

*See Independent Auditors Report and Notes to the Financial Statements*

# Flower Tent USA, Inc.

## Statement of cash flows

	Years ended December 31,	
	2022	2021
<b>Operating activities:</b>		
Net income	\$ 89,703	\$ 136,697
Adjustments to reconcile net loss to cash from operating activities:		
(Decrease) increase in accounts and notes receivable	-	-
Increase in accounts payable and accrued expenses	641	(1,747)
Decrease in deferred revenue	-	-
Net cash provided by operating activities	90,344	134,950
<b>Financing activities:</b>		
Distributions to owners	(19,700)	(41,850)
Bank loan funds received (paid)	-	49,100
Funds (paid to) / loaned from Owners'	(30,000)	500
Intercompany funds received / (advanced)	(71,128)	(127,132)
Net cash used in financing activities	(120,828)	(119,382)
Net decrease in cash	(30,484)	15,568
Cash on hand beginning of year	64,107	48,539
Cash at end of year	\$ 33,623	\$ 64,107

*See Independent Auditors Report and Notes to the Financial Statements*

**FLOWER TENT USA, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**1. Organization**

Flower Tent USA, Inc. is a business organized to provide franchise opportunities for individuals and organizations interested in owning and operating retail establishments focused on the sale and distribution of flowers and floral related products. The business offers services and support to prospective franchisors for the establishment, maintenance and operation of roadside sites for the retail sale of flowers and floral items.

**2. Business Entity**

Flower Tent USA, Inc. was organized by its owners who have owned and operated retail locations for the sale and distribution of flowers and floral items. The business was originated on June 1, 2008. The business is organized by its owners around the FLOWER TENT ® trademark plus the intangible asset in the form of “know-how” for the set-up, maintenance, ownership and operation of retail flower and floral sale activities.

The business, which consists of the intangible assets, organization costs incurred, and cash were transferred to a corporation, Incorporated in the State of Pennsylvania on January 20, 2009.

The Company is organized as a Sub-Chapter S corporation in accordance with the Internal Revenue Code. A Sub-Chapter S Corporation does not pay income tax but instead passes the income through to its shareholders who then in turn pay taxes on the income. There is no provision for tax liability or expense recorded.

Organization costs were capitalized as incurred during the inception of the business.

## **FLOWER TENT USA, Inc.**

### **Notes to Financial Statements**

#### **3. Accounting Principles**

##### **Basis of Presentation**

The financial statements have been prepared assuming that the Company will continue as a going concern.

##### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

##### **Accounts and Notes Receivable**

The company bills royalties to the Franchisee's incrementally throughout the year while also billing the Franchisee's for products it procures on behalf of the Franchisee's when shipped or delivered. These unpaid amounts are maintained in accounts receivable.

Notes receivable are recorded for certain Franchisee's when the payment terms are expected to be beyond those ordinary and customary for the re-payment of the obligation.

##### **Deferred Franchise Costs**

In accordance with Franchisee's receiving a license to sell flowers under the Flower Tent USA brand they pay an up-front fee to license the approved location in addition for ongoing consulting and training support. These fees's are recorded as deferred liabilities and amortized into income over the years of the operation of the franchise agreement. Non-refundable payments are recognized into income in the year they are received. All current franchise fees are recognized into income upon receipt due to the fact they are non-refundable.



## **FLOWER TENT USA, Inc.**

### **Notes to Financial Statements**

#### **Revenue Recognition**

The Company collects revenues from its Franchisee's based upon the volume of sales of product conducted at the licensed location in accordance with the Franchise Agreement entered between Flower Tent USA and the Franchisee. Unpaid balances are reported as accounts receivable at the end of the year. As of December 31, 2022 and 2021 there were no unpaid franchise fees.

#### **Concentrations of Credit Risk**

Financial instruments that potentially subject the Company to credit risk are principally cash and accounts receivable. Cash consists of checking accounts, money market accounts and a certificate of deposit. The Company places its cash with its principal bank that is a high credit quality financial institution. Cash deposits generally are in excess of the FDIC insurance limits. Credit limits, ongoing credit evaluations, and account monitoring procedures are utilized to minimize the risk of loss from accounts receivable. Collateral is generally not required.

#### **4. Intangible Asset**

In accordance with FASB Accounting Standards Codification 350, previously, Financial Accounting Standards Board Statement 142, "Goodwill and other intangible assets" the company has recorded the value of costs incurred in developing the know-how and goodwill related to the establishment of the business and the filing of the federal trademark application with the United States Patent and Trademark Office for FLOWER TENT, as well as the related know-how associated with the establishment, maintenance and operation of retail flower and floral distribution businesses.

The value of this asset was determined using a discounted cash flow model to estimate the expected cash flows and the terminal value of the assets as of the current date. We tested the value of the asset as disclosed and noted no requirement to recognize impairment charges.

## **FLOWER TENT USA, Inc.**

### **Notes to Financial Statements**

#### **5. Loans Payable**

Loans payables consist of two separate obligations:

##### **SBA Covid-19 Loan:**

The Company received a loan through the Small Business Administration (SBA) Economic Injury Disaster Loan Program (EIDL), in the amount of \$131,500, as part of the Federal Governments efforts to assist affected Companies due to the impact of the Covid-19 Pandemic. The loan is payable over 30 years at 3.75% interest. Repayment terms have not begun and are not certain so we categorized the entire loan as long-term.

##### **FNCB Lines of Credit**

The Company has two lines of credit outstanding with the FNCB in the amounts of \$100,000 and \$150,000. The notes bear interest at 5% and are renewable on an annual basis.

#### **6. Advertising royalties and expenses**

In accordance with the franchise agreements the Franchisee's are required to pay an advertising royalty to Flower Tent USA based as a straight percentage of their gross sales recorded net of taxes. Flower Tent USA is required to then purchase advertising in the various markets in which the franchised businesses are operated. Advertising royalties and advertising expenses incurred are reported as other income on the income statement.

#### **7. Related party transactions**

Flower Tent USA has an affiliated entity, The Flower Tent that is an operating entity that also operates road-side flower tents under the Flower Tent banner. The Flower Tent also provides ancillary support services to Franchisee's in Flower Tent USA in the form of purchasing supplies of product to be sold at their locations, providing equipment and supplies for the tents and the related location expenses and through consulting and support regarding tent set-up and layout. The Flower Tent also contributes a percentage of its gross revenues in support of the advertising fund noted above. Certain times cash is advanced between the two entities for the purposes of cash management and tax planning. During the years ending December 31, 2022 and 2021 The Flower Tent paid royalty fees of \$51,462 and \$37,939, respectively, and advertising fees of \$21,465 and \$11,966, respectively. A management fee of \$80,000 was paid each year.

## **FLOWER TENT USA, Inc.**

### **Notes to Financial Statements**

#### **8. COVID-19 Impact on Business Operations, Going Concern and Intangible Asset Valuation**

On March 11, 2020 the World Health Organization (WHO) declared COVID-19 a pandemic. On March 27, 2020 the United States Government enacted the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) in response to the expected economic fallout of the COVID-19 pandemic. Various States through which the Company's Franchisors operate, the bulk of which is Pennsylvania, enacted certain restrictions on business operations or completely did not allow businesses to operate at the beginning of the pandemic. Due to the fact that the Company's main selling season consists of a short period over the spring and summer season the operations of the individual Franchisors were significantly affected with certain choosing not to operate.

We considered the impact of the COVID-19 pandemic on the valuation of assets, specifically the intangible assets on the balance sheet. As of the date of these financial statements we believe all Franchisor's will be operational for the 2021 selling season and thus do not see any decline in the value of the Intangible Assets as established.

We considered the impact of the COVID-19 pandemic on the entities ability to continue as a going concern. Based upon our analysis and the Federal Assistance provided through the CARES Act to defer current losses and allow them to be repaid over a thirty-year period, we feel the businesses ability to continue as a going concern has not be impacted.

**EXHIBIT B**  
**SINGLE UNIT FRANCHISE AGREEMENT**

**FLOWER TENT SINGLE UNIT FRANCHISE AGREEMENT**

**FRANCHISEE:** \_\_\_\_\_

## TABLE OF CONTENTS

	Page
1. Grant of Franchise .....	1
2. Acknowledgements .....	2
3. Development of the Franchised Business.....	2
4. Training .....	3
5. Location Approval; Relocation .....	4
6. Fees.....	5
7. Reporting; Audit Rights .....	6
8. Manual .....	7
9. Operation of the Franchised Business .....	7
10. Advertising .....	12
11. Marks; Proprietary Information.....	13
12. Guaranty of Franchisee's Obligations .....	14
13. Indemnification.....	15
14. Confidentiality; Covenant Not to Compete .....	15
15. Transfer.....	16
16. Term; Renewal .....	18
17. Termination .....	19
18. Rights and Obligations of the Parties upon Expiration or Termination .....	21
19. Relationship of the Parties.....	22
20. Notices.....	23
21. Consents and Waivers .....	23
22. Entire Agreement.....	24
23. Severable Provisions .....	24
24. Enforcement .....	24
25. Miscellaneous .....	26

Exhibit A: Franchise Information

Exhibit B: Agreement to be Bound and to Guarantee

## FRANCHISE AGREEMENT

**THIS FRANCHISE AGREEMENT** (“Agreement”), dated as of the date set forth on the last page of this Agreement, by and between **FLOWER TENT USA, INC.**, a Pennsylvania corporation (“Franchisor”), whose principal business address is P.O. Box 1675 Kingston, Pennsylvania 18704, and the franchisee identified on the last page of this Agreement (“Franchisee”), whose address is set forth on the last page of this Agreement.

### RECITALS

**A.** Franchisor and its affiliates have, as a result of significant time, effort and money, originated a unique system (the “System”) for developing and operating retail businesses selling flowers and associated products (each a “Flower Tent Business”);

**B.** Franchisor identifies the System by means of the “Flower Tent” name and mark and certain other names, marks, logos, insignias, slogans, emblems, symbols and designs, which Franchisor has designated, or may in the future designate, for use with the System (collectively, the “Marks”);

**C.** Franchisor and its affiliates own confidential and proprietary information and rights relating to the development, promotion and operation of Flower Tent Businesses (the “Proprietary Information”);

**D.** Franchisee desires to obtain the right (the “Franchise”) to use the System, the Marks and the Proprietary Information to develop and one (1) franchised Flower Tent Business (the “Franchised Business”) at a location accepted by Franchisor and identified in Exhibit A (“Franchised Location”) subject to the terms and conditions of this Agreement and in strict compliance with the high and uniform standards of quality, operations and service established by Franchisor for the System (the “System Standards”);

**E.** Franchisee acknowledges the importance of the System Standards and the necessity of developing and operating the Franchised Business in strict conformity with this Agreement, the System Standards and the Flower Tent USA Operations Manual (the “Manual”);

**F.** Franchisor is willing to grant a Franchise to Franchisee; and

**G.** The restrictions and controls on Franchisee’s operations contained in this Agreement are intended solely to protect the rights to the Marks and to fulfill Franchisor’s obligation to other franchisees to maintain a high quality of services and products provided under the Marks.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration the sufficiency of which is hereby acknowledged, the parties agree as follows:

#### **1. Grant of Franchise**

Subject to and in accordance with the terms of this Agreement, Franchisor grants to Franchisee for the term of this Agreement, and Franchisee accepts, a Franchise for the right to operate the Franchised Business at the Franchised Location using the Marks and the Proprietary Information.

## **2. Acknowledgements**

**(a)** FRANCHISEE ACKNOWLEDGES THAT OTHER PRESENT OR FUTURE FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT(S), AND CONSEQUENTLY THAT FRANCHISOR'S OBLIGATIONS AND RIGHTS WITH RESPECT TO OTHER FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES.

## **3. Development of the Franchised Business**

**(a) Site Acceptance and Opening Deadlines.** Franchisee must obtain Franchisor's written acceptance of the site by the Site Acceptance Deadline and open the Franchised Business by the Opening Deadline as set forth in Exhibit A. Strict compliance with the deadlines set forth in Exhibit A is essential to this Agreement. **Time is of the essence.**

### **(b) Limited Exclusivity.**

**(1)** Except as reserved in Section 3.(c), Franchisor will not during the term of this Agreement, operate, or license others to operate, businesses identified in whole or in part by the Marks in the geographic area described in Exhibit A (the "Protected Territory") without Franchisee's prior written consent. The factors that will be used to determine the scope of the Protected Territory will be (i) the type of area where the Franchised Business is located (e.g., rural, suburban, urban, etc.) and (ii) the size of the population that lives within a reasonable driving distance of your proposed location. In no event will the Protected Territory cover an area exceeding 12,500 households. The limited exclusivity is conditioned on Franchisee not being in material default of this Agreement or any other agreements with Franchisor or its affiliates and Franchisee being current on all monetary obligations owed to Franchisor and its affiliates.

**(2)** Franchisee has the exclusive right to advertise the Franchised Business and directly solicit customers only within the Protected Territory. Franchisee may not directly solicit customers for the Franchised Business outside of the Protected Territory or advertise that Franchised Business in media that will or may reach a significant number of persons outside of the Protected Territory unless: (a) Franchisee has entered into an agreement with a franchisee in a neighboring territory to cooperatively advertise their Flower Tent Business(es); (b) the advertisement covers multiple Franchised Businesses operated by Franchisee and only Franchised Businesses operated by Franchisee; or (c) Franchisee has obtained Franchisor's prior written permission. Franchisor may establish rules and policies from time to time regarding advertising in media that extends beyond a territory. "Direct solicitation" includes, but is not limited to, solicitation in person, by telephone, by mail, by email, and by distribution of brochures, business cards or other materials. Franchisor may, in its sole discretion, grant permission to Franchisee to advertise and/or directly solicit customers in an open adjacent territory where no Flower Tent Businesses are operated, provided that should Franchisor sell that territory to a Flower Tent franchisee or designate that territory as a company-operated territory, Franchisee agrees to cease such marketing activities.

**(3)** Franchisee may not sell any products (i.e., retail items) associated with the Franchised Business or in connection with the Marks over the Internet. However, appointments for the Franchised Business may be placed over the Internet.

**(4)** The restrictions on Franchisor contained in this Section 3.(d) do not apply to any Flower Tent Businesses that are in operation or under lease, construction or other commitment to open in the Protected Territory assigned to the Franchised Business as of the date that Franchisor approves the Franchised Location for the Franchised Business.



**(c) Rights Reserved By Franchisor.** Notwithstanding the grant of limited exclusivity in Sections 3.(b) and 3(d) above, Franchisor reserves the right to:

(1) award national, regional or local licenses to third parties to sell products under the Marks in facilities primarily identified by the third party's trademark;

(2) merchandise and distribute products identified by the Marks in the Protected Territory through any method or channel of distribution other than through the operation of a business similar to a Flower Tent Business;

(3) solicit orders for and sell products and services through other channels of distribution, including the Internet, wholesale, mail order and catalog and Franchisor shall not required to pay to Franchisee any compensation for soliciting or accepting such orders;

(4) during the term of this Agreement operate, and license others to operate, businesses identified in whole or in part by the Marks at any location outside of the Protected Territory;

(5) operate, and license others to operate, after this Agreement terminates or expires, businesses identified in whole or in part by the Marks at any location, including locations inside the Protected Territory;

(6) operate, and license others to operate, at any location, including locations inside the Protected Territory, during or after the term of this Agreement, any type of business other than a Flower Tent Business;

(7) develop and own other franchise systems for the same or similar products and services using trade names and trademarks other than the Marks; and

(8) purchase, be purchased by, merge or combine with, businesses that directly compete with Flower Tent Businesses.

#### **4. Training**

**(a) Initial Training Program.** This Section 4 shall not be applicable if Franchisee already operates a Flower Tent Business. Franchisor agrees to provide Franchisee and one (1) of Franchisee's employees, prior to the opening of Franchisee's first Flower Tent Business, training in its methods and business operations. Franchisor does not charge a tuition fee for Franchisee and one additional trainee to attend the training program, however, Franchisor reserves the right to charge a reasonable tuition fee for any additional personnel that Franchisee would like to send to the training program. Franchisee is responsible for the cost of travel, wages and living expenses for itself and its trainees. All such training shall be provided at Franchisor's or its affiliate's business location (or such other location as may be determined by Franchisor) and Franchisee shall be responsible for its employee's wages during any such training. Franchisee's attendance at the training program is mandatory. Training is limited to operation of a Flower Tent Business and shall, in no way, involve training in the skill of planting flowers. Franchisee is responsible for its own landscaping training and licensing or for hiring employees trained and licensed in planting flowers. Franchisor may assist the Franchisee in establishing prices and using administrative, bookkeeping, accounting, and inventory control procedures.

**(b) Consulting Services.** Franchisor will be available for telephone and email consultations with Franchisee with respect to all aspects of starting and operating each of the Franchised Business. Franchisee must schedule such consultations in advance by calling Franchisor at 1-877-356-9700 or e-

mailing Franchisor at tom@flowertent.com. Franchisor, in its sole discretion, will provide to Franchisee, at no charge, up to two (2) on-site consultations, which may be conducted at Franchisee's principal place of business or at the Franchised Business. Franchisor may, in its sole discretion, and depending upon the geographic proximity between Franchisee and Franchisor and if Franchisor's time permits, provide on-site consultation at Franchisee's request at Franchisor's then-current daily rate (currently \$195.00), plus travel, lodging and meal expenditures, at times agreed upon between Franchisee and Franchisor.

**(c) Ongoing training.** Franchisor may require Franchisee and/or other previously trained and experienced staff members to attend and complete satisfactorily various training courses that Franchisor periodically chooses to provide at the times and locations that Franchisor designates, as well as periodic conventions, regional meetings, and conferences that Franchisor specifies. Franchisor may require attendance for ongoing training at Franchisor's headquarters for any new employees of Franchisee, for any transferee under Section 15, for any person who fails to attend a convention, regional meeting or conference as required by Franchisor, and for certain of Franchisee's owners and employees if Franchisor determines that the Franchised Business is not operating in accordance with the System Standards. Franchisor may charge tuition, registration or similar fees (which, may include among other fees, the then-current training fee) for these courses and training programs.

## **5. Location Approval; Relocation**

**(a) Franchised Location Selection.** Franchisee is responsible for selecting the site for the Franchised Business and acquiring a lease for, or purchasing the property on which the Franchised Business will operate. Unless otherwise agreed to by Franchisor, each site must be least two thousand (2,000) square feet in area and have ten (10) parking spaces. Franchisee shall submit a list of possible sites to Franchisor for the Franchised Business along with additional information that Franchisee has regarding the sites that Franchisee has selected. Franchisor's representative may, but is not required to, make one visit to Franchisee's area to review the proposed sites for all of the Franchised Business at no charge to Franchisee. If Franchisor's representative makes any additional visits to Franchisee's area, Franchisee must pay all travel costs and other expenses incurred by Franchisor's representative. Franchisor will use reasonable efforts to accept or reject a proposed site within five (5) days after Franchisee submits its site package. If Franchisor does not accept a proposed site in writing in this time period, Franchisor will be deemed to have rejected the site. Franchisor's approval or rejection of a site may be subject to reasonable conditions as Franchisor determines in its sole discretion. Upon Franchisor's acceptance of a site, and after Franchisee secures a leasehold interest or ownership interest in the site, Franchisor will insert its address into Exhibit A and it will be the "Franchised Location". Although Franchisor will accept the Franchised Location for the Franchised Business, this acceptance does not in any way guarantee the success of the Franchised Business. Franchisee must obtain Franchisor's written acceptance of the Franchised Location before Franchisee makes any binding commitments related to the Franchised Location. If Franchisee does not obtain Franchisor's acceptance of the Franchised Location by the Site Acceptance Deadline and open the Franchised Business by the Opening Deadline, Franchisor may terminate this Agreement.

**(b) Lease.** If Franchisee proposes to lease or sublease the Franchised Location, Franchisee must provide Franchisor with a copy of the fully-executed lease or sublease for the Franchised Location within thirty (30) days after Franchisor accepts the site for the Franchised Business. Franchisor has the right to review the terms of the lease for the Franchised Location prior to Franchisee's execution of the Lease. The lease for the Franchised Location must: (i) in form and substance, be satisfactory to Franchisor; (ii) contain terms and conditions and payments that are commercially reasonable in Franchisor's opinion; and (iii) include any provisions that Franchisor may require from time to time. The lease must not contain any covenants or other obligations that would prevent Franchisee from performing its obligations under this Agreement. Franchisee acknowledges that Franchisor's review of the lease is

not a guarantee or warranty, express or implied, of the success or profitability of a Flower Tent Business operated at the Franchised Location. Franchisor's review will indicate only whether Franchisor believes that the terms of the lease meet its then-acceptable criteria.

**(c) Relocation.** Any relocation of the Franchised Business will be subject to Franchisor's approval, which may be granted or withheld, in Franchisor's sole discretion. The new location must be within the Protected Territory. Franchisor does not charge a relocation fee if Franchisee requests permission to relocate the Franchised Business within the Protected Territory; however, if Franchisee requests permission to relocate the Franchised Business outside the Protected Territory, Franchisee must pay a \$500 relocation fee plus Franchisor's reasonable expenses (not to exceed \$3,000), payable upon Franchisor's approval of the request to relocate the Franchised Business. The parties will revise and sign Exhibit A to identify the new Franchised Location and Protected Territory for the relocated Franchised Business. The relocated Franchised Business will be subject to the terms and conditions of this Agreement.

## **6. Fees**

**(a) Initial Franchise Fee.** Franchisee must pay to Franchisor an initial franchise fee in the amount set forth on Exhibit A (the "Initial Franchise Fee"). The Initial Franchise Fee must be paid in cash or by cashiers or certified check upon the execution of this Agreement by Franchisor and Franchisee. The Initial Franchise Fee is fully earned by Franchisor when paid, is not refundable for any reason and is not credited against any other fees paid to Franchisor.

**(b) Royalties.** Franchisee must pay to Franchisor royalties ("Royalties") in the amount of six percent (6%) of the Gross Sales (as defined in Section 6.(d)) earned by the Franchised Business.

**(c) Advertising Fees.** Franchisee must contribute as Advertising Fees two percent (2%) of the Gross Sales of the Franchised Business to the Flower Tent Advertising Fund (as described in Section 10.(a)) at the same time and in the same manner as the Royalties. Franchisee also must spend one percent (1%) of the annual Gross Sales of the Franchised Business on local advertising as described in Section 10.(b).

**(d) Gross Sales.** For purposes of this Agreement, "Gross Sales" shall mean the sales from all services and products sold and any other fees collected by Franchisee at the Franchised Business, whether sold on-site or off-site. Gross Sales will exclude all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority and will be reduced by the amount of any documented refunds, credits, allowances, and charge-backs provided to customers in good faith.

**(e) POS Support Fees.** To maintain and support the point of sale system, Franchisee must pay a POS Support Fee to Franchisor in the amount of \$300 per year for the Franchised Business with one third of this fee being due with each Royalty payment made on the Friday immediately following Easter, the Friday immediately following Mother's Day and the Friday immediately following Memorial Day. Franchisor will withdraw those amounts from Franchisee's pre-authorized account on those dates.

**(f) Payment of Fees.** Royalties and Advertising Fees will be withdrawn from Franchisee's pre-authorized account on the following days ("Due Dates") of each calendar year: the Friday immediately following Easter, the Friday immediately following Mother's Day, the Friday immediately following Memorial Day, July 15<sup>th</sup> (for end of Spring sales), and the second Friday in November (for Fall sales). Royalties that are not paid on the Due Date will bear a late fee in the amount of \$50 for each

week that a payment is late and interest at the rate of one and one half percent (1.5%) (or, if less, the highest amount permitted by law) per month.

**(g) Late Fees and Interest.** If any Royalties, Advertising Fees, or any other amounts owed to Franchisor are not paid in full by the due date, Franchisor has the right to charge interest on the overdue amount at the rate of one and one half percent (1.5%) per month (or the maximum rate permitted by applicable law, if less than one and one half percent (1.5%) from the date the amount was due until paid in full. Unpaid interest charges will compound annually. In addition, Franchisor will have the right to charge a late fee of Fifty Dollars (\$50) every week for a payment that is more than seven (7) days past due. The late fee is to compensate Franchisor for its administrative costs incurred in enforcing Franchisee's obligation to pay Franchisor.

**(h) Method of Payment.** Franchisee must comply with Franchisor's payment policies, procedures, and requirements, as described in the Manual or otherwise in writing. If Franchisor or its affiliates supply products to Franchisee, they may require pre-payment or C.O.D. depending on their then-current policies and Franchisee's payment record. Franchisee must participate in Franchisor's then-current electronic funds transfer program, which authorizes Franchisor to use a pre-authorized bank draft system. Franchisee must furnish to Franchisor and Franchisee's bank all authorizations necessary to effect payment by the methods specified by Franchisor. Franchisor reserves the right to modify, at Franchisor's option, the method by which Franchisee must pay the Royalties, Advertising Fees and other amounts owed under this agreement upon receipt of written notice from Franchisor. Franchisee may not, under any circumstances, set off, deduct or otherwise withhold any Royalties, Advertising Fees, or any other monies payable under this Agreement on grounds of Franchisor's alleged non-performance of any obligations. No payment by Franchisee or acceptance by Franchisor of any monies under this agreement for a lesser amount than due will be treated as anything other than a partial payment on account. Regardless of any designation by Franchisee, Franchisor may apply Franchisee's payments to Franchisee's outstanding obligations in any order that Franchisor chooses.

**(i) Taxes.** Franchisee must report and pay when due all local, state, and federal taxes levied or assessed on Franchisee or the Franchised Business. If any taxes are imposed on Franchisor by reason of its acting as a franchisor or licensing the Marks under this agreement, then Franchisee must reimburse Franchisor the amount of those taxes within thirty (30) days after receipt of an invoice from Franchisor.

**(j) Collection costs and expenses.** Franchisee must pay to Franchisor on demand any and all collection costs and expenses (including, without limitation, costs and commissions due a collection agency, reasonable attorneys' fees, court costs, expert witness fees, discovery costs and reasonable attorneys' fees and costs on appeal, together with interest charges on all of the foregoing) incurred by Franchisor in enforcing the terms of this Agreement, including, without limitation, in collecting any monies owed by Franchisee to Franchisor.

## **7. Reporting; Audit Rights**

**(a) Reports.** Franchisee must submit reports of Gross Sales to Franchisor and such other periodic reports as Franchisor may require in the Manual, in the form and manner designated by Franchisor. At a minimum, the Gross Sales reports will include the Gross Sales of the Franchised Business, details of revenues generated from all aspects of the Franchised Business (e.g., revenue generated from flower sales, seed sales, etc.) and expenditures for advertising related to the Franchised Business.

**(b) Audit Rights.** Franchisor may inspect, or cause its agents or representatives to inspect or audit, at any time, Franchisee's books and records with respect to the Franchised Business, including

Franchisee's federal and state tax returns, sales tax returns, customer records and financial accounts. Franchisee must maintain Franchisee's books and records with respect to the Franchised Business at Franchisee's principal business address or such other place as is approved in writing by Franchisor. If Franchisee's books and records with respect to the Franchised Business are maintained at a place other than Franchisee's principal business address, at the request of Franchisor, or its agents or representatives, Franchisee must, by 4:00 P.M. (local time) on the day upon which such request is made, (i) deliver its books and records (and/or accurate and complete copies thereof, at Franchisor's option) to Franchisor, or its agents or representatives, at Franchisee's principal place of business or (ii) provide Franchisor, or its agents or representatives, access to Franchisee's books and records (and/or accurate and complete copies thereof, at Franchisor's option) at the place at which they are maintained.

## **8. Manual**

Franchisor will loan to Franchisee during the term of this Agreement a hard cover copy and/or a CD or other electronic copy of the Manual. The Manual contains the System Standards, which include mandatory and suggested specifications, standards, operating procedures, reporting requirements and rules that Franchisor periodically prescribes for operating a Flower Tent Business and information on Franchisee's other obligations under this Agreement. Franchisee must operate the Franchised Business at all times in strict conformity with the Manual. Franchisee must use the forms and reports contained in the Manual for conducting business and reporting to Franchisor. Franchisor has the right to amend and supplement the Manual periodically. Franchisee must comply with each new or changed standard promptly. Franchisee agrees that the contents of the Manual are confidential and that Franchisee will not disclose the Manual to any person other than employees of the Franchised Business who need to know its contents. Franchisee may not at any time copy, duplicate, record, or otherwise reproduce any part of the Manual. Any passwords or other digital identifications necessary to access the Manual on the website, intranet or extranet will be deemed to be part of the Proprietary Information as defined in Section 11.

## **9. Operation of the Franchised Business**

**(a) System Standards.** To ensure that the highest degree of quality and service is maintained at all Flower Tent Businesses, Franchisee must operate the Franchised Business strictly in accordance with the System Standards as may from time to time be issued by Franchisor for the operation of a Flower Tent Business as Franchisor may, in its sole discretion, deem appropriate. Franchisor discloses the operating system parameters to Franchisee in the Manual and otherwise in writing. Franchisor may periodically modify and supplement the System and Franchisor will notify Franchisee of these modifications and supplements in the Manual or other written communications. Franchisee must use all commercially reasonable means to enhance, to the satisfaction of Franchisor, the goodwill associated with the Marks. In connection therewith, Franchisee must not disparage to any person Franchisor, its employees and representatives, its products or the Marks.

**(b) Authorized Products and Services.** Franchisee may offer and sell at the premises of the Franchised Business services and products offered, sold and/or introduced by Franchisor, consistent with Franchisor's comprehensive standards and requirements. In addition, Franchisee must incorporate into the Franchised Business all new services and products as may be required by Franchisor and cease selling any services and products that are no longer authorized. Franchisee must participate in all local, regional and promotional programs and campaigns adopted by Franchisor. Franchisee must not offer or sell any products or services at or from the premises of the Franchised Business, or conduct any other business at or from the premises of the Franchised Business, unless Franchisor specifically approves the offering and sale of those services and products, which approval may be withheld by Franchisor, in its sole discretion. In addition, Franchisee may not offer or sell any products or services specified by Franchisor in any

configuration, form or manner (including items for resale) other than that specifically approved by Franchisor.

**(c) Approved Suppliers.** In order to maintain the high standards of product quality and product consistency associated with the Marks, and the uniformity of the System, Franchisee must purchase all inventory, equipment, supplies, signage, décor, fixtures, and other items for the Franchised Business from Franchisor or vendors and suppliers on Franchisor's list of approved vendors and suppliers (as it may exist from time to time), which Franchisor will provide to Franchisee for use by Franchisee in accordance with the terms of this Agreement. In the event that Franchisor supplies Franchisee with any such items directly, Franchisee will be billed by and pay Franchisor. All bills to Franchisor are due within thirty (30) days of invoice. Other items may be purchased directly from Franchisor's vendors and suppliers. Franchisor's vendors and suppliers will then ship the items to Franchisee. Franchisee will be billed by and will pay the vendor or supplier directly under the terms required by that particular vendor or supplier. Franchisor may receive rebates, commissions or other payments from suppliers based on purchases from franchisees, and Franchisor will contribute such payments to the Advertising Fund.

**(d) New Products and Suppliers.** Franchisee may request authorization from Franchisor to sell products not currently offered by Franchisor or to purchase products from a supplier not previously approved by Franchisor. To do so, Franchisee must provide a written request to Franchisor for authorization to sell such products and add the vendor or supplier of such product(s) to Franchisor's list of approved vendors/suppliers. Franchisor may require Franchisee to submit samples or specifications for examination or testing, at Franchisee's expense, to determine if the supplies or products meet Franchisor's specifications in such areas as weight, size, shape, delivery, performance, consistency, warranties, design, appearance, supplier and price. Based on the information and samples supplied, Franchisor will test the items supplied and review the proposed suppliers' financial records, business reputation, delivery performance, credit rating and other information. Franchisor will advise Franchisee of its approval or denial of approval within seven (7) days after receipt of all applicable information.

**(e) Maintenance of the Franchised Business.** Franchisee must cause the Franchised Business to be clean, orderly and in good condition in accordance with the standards that Franchisor may adopt from time to time. After initial construction and opening, any variations in color, design, style or appearance must be approved in writing by Franchisor. In the event that the Franchised Business is damaged by fire or other casualty, Franchisee will promptly repair (if possible) any such damage. If the damage or repairs requires closing of the Franchised Business, Franchisee will: (i) immediately notify Franchisor; (ii) commence reconstruction immediately upon receipt of any insurance proceeds from any insurance policy covering such damage or as soon as physically possible if no insurance proceeds are available; (iii) complete reconstruction in a prompt and expeditious manner; (iv) reopen the Franchised Business for continuous operations as soon as practicable; and (v) give Franchisor ample advance notice of the proposed date of reopening.

**(f) Supervision of the Franchised Business.** The Franchised Business must be: (i) personally supervised by Franchisee; or (ii) directly supervised "on-premises" by a full-time employee who has satisfactorily completed Franchisor's Training Program, unless Franchisor has waived that requirement.

**(g) Hours of Operation.** Franchisee may keep the Franchised Business open to the public the hours it decides in its own discretion. Franchisor recommends that the Franchised Business remain open: (i) seven (7) days each week during the Selling Season; and (ii) from 9:00 a.m. until dusk. The term "Selling Season" means an approximately eight (8) week period beginning ten (10) days prior to Easter and ending on June 30<sup>th</sup>.

**(h) Inspections.** In order to ensure compliance with this Agreement and to enable Franchisor to carry out its obligations under this Agreement, Franchisee agrees that Franchisor and its designated agents shall be permitted, with or without notice, full and complete access during business hours to inspect the Franchised Business and all records thereof including, but not limited to, records relating to Franchisee's customers, suppliers, employees and agents. Franchisee shall cooperate fully with Franchisor and its designated agents requiring such access.

**(i) Franchisor's Communications with Employees, Customers and Suppliers.** In order to promote and protect the reputation of Franchisor and Franchisor's other franchisees and to maintain satisfactory public confidence, Franchisor or its representatives or agents may meet and communicate with, and solicit information from, Franchisee's past and present employees, customers and suppliers to confirm the quality and the adequacy of the services and products provided by Franchisee, verify compliance with the terms of this Agreement, to confirm whether Franchisee is performing its obligations to those employees, vendors and customers and for any other purpose related to this Agreement and the relationship between the parties, and Franchisee shall assist and cooperate with Franchisor and its representatives in that regard.

**(j) Suggested Schedule of Prices.** As a service to Franchisee and other franchisees of Franchisor, Franchisor may, but is not obligated to, utilize its experience and the data obtained from all of its franchisees to establish and maintain a suggested schedule of prices for services and products of the Franchised Business. However, Franchisor may not attempt to establish or enforce any required schedule of prices for services and products of the Franchised Business and Franchisee shall set the prices for services and products of the Franchised Business.

**(k) Licenses and Permits; Compliance with Laws.** Franchisee must obtain and maintain all licenses and permits required to be held by Franchisee in connection with the conduct of the Franchised Business and must comply with all applicable federal, state and local laws, regulations and ordinances in connection with the conduct of the Franchised Business.

**(l) Payment of Obligations.** Franchisee must pay when due all debts and obligations incurred by Franchisee in connection with the conduct of the Franchised Business, including all applicable tax liabilities.

**(m) Insurance**

**(1)** Franchisee, at its sole expense, shall obtain and maintain during the term of this Agreement, comprehensive general liability insurance policies that cover the Franchised Business with each policy having a minimum limit of liability of one million dollars (\$1,000,000) for the Franchised Business and workers compensation insurance. Each general liability insurance policy must name Franchisor as an additional insured. Within five (5) days after the execution of this Agreement and as may otherwise be requested by Franchisor, Franchisee shall provide Franchisor with Certificates of Insurance naming Franchisor as an additional insured on each general liability policy. Franchisee may, at its sole expense, elect to obtain an excess umbrella insurance policy for the Franchised Business having a minimum limit of liability of one million dollars (\$1,000,000), seventy-five thousand dollars (\$75,000) of property insurance for the contents of the Franchised Business, business interruption insurance in the amount of at least fifty thousand dollars (\$50,000), and any other policies required by law (including, without limitation, workers compensation insurance) from insurance companies reasonably satisfactory to Franchisor. Each business interruption insurance policy must name Franchisor as an additional insured. The insurance policies must be in a form that is acceptable to Franchisor and may not be subject to cancellation or any material change except after thirty (30) days' prior written notice to Franchisor. The insurance policies must provide that no failure of Franchisee to comply with any term, condition or

provision of the contract, or other conduct by Franchisee, will void or otherwise affect the protection afforded to Franchisor under the policies. If Franchisee elects to obtain business interruption insurance, Franchisee shall, within five (5) days after the execution of this Agreement and as may otherwise be requested by Franchisor, provide Franchisor with a Certificate of Insurance naming Franchisor as an additional insured on the business interruption policy. The insurance requirements of this Agreement will not limit or otherwise effect Franchisee's obligations to indemnify Franchisor pursuant to Section 13 of this Agreement.

**(2)** If Franchisee sustains a loss with respect to the Franchised Business by reason of fire, flood or other casualty of a type typically covered by insurance, and such casualty is caused wholly or partially by Franchisor's acts or omissions, Franchisee must look solely to the proceeds of Franchisee's insurance policy for reimbursement of the loss, and neither Franchisee nor any insurance carrier may recover damages against Franchisor by way of direct action, subrogation, assignment of claims or otherwise. Franchisee waives all such rights of recovery by Franchisee, any insurance carrier or other person, and agrees to notify each insurance carrier of this provision.

**(3)** If Franchisee fails to pay any premium when due or any policy is in default, Franchisor may, in its sole discretion, but is in no way obligated to, pay any premium and/or take any action necessary to cure the default. In this event, Franchisee must immediately pay to Franchisor the amount so paid by Franchisor or the amount expended by Franchisor to cure such default, plus interest at the rate of one and one half percent (1.5%) per month (or, if less, the highest amount permitted by law) from the date paid or expended by Franchisor.

**(n) Attendance at System Meetings.** Franchisee must attend, at Franchisee's expense, all annual and other meetings and conference calls of franchisees that Franchisor determines are mandatory for all franchisees, or groups of franchisees (as designated by Franchisor), such as franchisees within a particular geographic region.

**(o) Information Systems**

**(1)** Franchisee must purchase and install for use with the Franchised Business, at Franchisee's own expense, a computerized point of sale system (with software approved by Franchisor), personal computer, and other computer equipment, communications devices, and software systems designated by Franchisor. Franchisee shall use only systems approved by Franchisor and will purchase the systems only from approved suppliers, which approval may be arbitrarily withheld. The point-of-sale system shall be designed to record sales, product usage and labor tracking and to produce periodic reports for use by Franchisee and Franchisor. Franchisee must maintain an electronic connection between Franchisee's systems and Franchisor's systems; must use the systems in accordance with all policies and operational procedures Franchisor issues from time to time; must transmit data to Franchisor at the times Franchisor specifies; must give Franchisor independent access to Franchisee's systems and provide Franchisor with any user names and passwords necessary for that purpose; must maintain Franchisee's systems in good working order at all times; must promptly install upgrades, additions, changes, modifications, substitutions and/or replacements of hardware, software, data connectivity, electrical power, and other computer-related facilities, as Franchisor directs; and must ensure that Franchisee's employees are adequately trained in the use of such systems and Franchisor's related policies and procedures. Franchisee must bear all costs of installation, operation, maintenance and upgrade of Franchisee's systems.

**(2)** Franchisee shall pay all fees and expenses to connect the Franchised Business with its point of sale system and any periodic fees to maintain each point of sale system. As of the date of this Agreement, Franchisee must pay \$100 per operating month for the Franchised Business to Franchisor



to license the inventory management software point of sale system, which payment Franchisor shall forward to the supplier of the system. To maintain and support the point of sale system, Franchisee must pay the POS Support Fee described in Section 6.(e). Franchisor reserves the right to increase any point of sale system fees at any time effective on thirty (30) days advance written notice to Franchisee.

**(3)** Franchisee must maintain an e-mail address for purposes of communicating with Franchisor and other persons. Franchisee must inform Franchisor of Franchisee's e-mail address promptly upon the execution of this Agreement and whenever Franchisee's e-mail address is changed. Franchisee must check and respond to Franchisee's e-mail on a daily basis (except for weekends); provided, however, that the timeliness of Franchisee's e-mail review and responses must be consistent with reasonable business practices and must not cause Franchisor or other franchisees to be unable to communicate with Franchisee in a timely manner.

**(p) Electronic Payment Systems.** Franchisee agrees to comply with Franchisor's standards for processing electronic payments and any costs to do so are at Franchisee's expense. Franchisee further agrees to abide by: (i) the Payment Card Industry Data Security Standards ("PCIDSS") enacted by the applicable Card Associations (as they may be modified from time to time or as successor standards are adopted); (ii) the Fair and Accurate Credit Transactions Act ("FACTA"); and (iii) all other standards, laws, rules, regulations or any equivalent thereof applicable to electronic payments that may be published from time to time by payment card companies and applicable to electronic payments ("Electronic Payment Requirements"). If required by Franchisor or by one of the credit card companies, Franchisee shall provide Franchisor with evidence of compliance with PCIDSS, FACTA, or applicable Electronic Payment Requirements and provide, or make available, to Franchisor copies of an audit, scanning results or related documentation relating to such compliance. Any costs associated with an audit or to gain compliance with PCIDSS, FACTA or any Electronic Payment Requirements shall be borne by Franchisee. If Franchisee has knowledge of or suspects a security breach, Franchisee must immediately notify Franchisor. Franchisee shall promptly identify and remediate the source of any compromise. Franchisee assumes all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Franchised Business.

**(q) Customer Data.** Franchisee agrees that all data that Franchisee collects from customers and potential customers in connection with the Franchised Business ("Customer Data") is deemed to be owned exclusively by Franchisor, and Franchisee also agrees to provide the Customer Data to Franchisor at any time at Franchisor's request. Franchisee has the right to use Customer Data while this Agreement or a renewal franchise agreement is in effect, but only in connection with operating the Franchised Business identified in Exhibit A and only in accordance with the policies that Franchisor establishes from time to time. Franchisee may not sell, transfer, or use Customer Data for any purpose other than operating the Franchised Business and marketing "Flower Tent" products and services. However, if Franchisee transfers the Franchised Business (as provided in Section 15 below), as part of the transfer, Franchisee may transfer use of the Customer Data associated with that Franchised Business to the buyer for value. Franchisee agrees to abide by all applicable laws pertaining to the privacy of customer, employee, and transactional information ("Privacy Laws") and all standards and policies implemented by Franchisor pertaining to Privacy Laws.

**(r) Operation of the Franchised Business by Franchisor.** If Franchisee abandons or otherwise fails to operate the Franchised Business in accordance with the terms of the Agreement, or any applicable, rule, law, ordinance or regulation, Franchisor may elect to operate the Franchised Business for a reasonable period on Franchisee's behalf, for a reasonable fee to be determined by Franchisor from time to time.

## **10. Advertising**

### **(a) Advertising Fund**

(1) Franchisor has established and maintains an Advertising Fund for the benefit of the System. Franchisee must contribute to the Advertising Fund for the Franchised Business as provided in Section 6.(c). Franchisor may use the Advertising Fees and any earnings of the Advertising Fund for any costs associated with advertising, marketing, public relations, promotional programs and materials (which may be national or regional in scope) and/or any other activities that Franchisor believes would benefit the System, including the following: advertising campaigns in various media; point-of-purchase materials; review of locally-produced ads; door hangers; free standing inserts; brochures; purchasing and/or developing promotional materials; market research, including secret shoppers; sponsorships; design and maintenance of a web site; celebrity endorsements; trade shows; association dues; search engine optimization costs; establishment of third party facility for customizing local advertising; accounting costs; and holding an annual franchisee convention. Franchisor will not use the Advertising Fund for anything whose sole purpose is the marketing of franchises, however, Franchisee acknowledges that the Flower Tent web site, public relations activities, community involvement activities and other activities supported by the Advertising Fund may contain information about franchising opportunities. Franchisor has the right to direct all programs supported by the Advertising Fund, with final discretion over creative concepts, the materials and media used in the programs and their placement. Franchisor does not guarantee that Franchisee will benefit from the Advertising Fund in proportion to Franchisee's contributions to the Advertising Fund. Flower Tent Businesses operated by Franchisor and its affiliates will contribute to the Advertising Fund on the same basis as comparable franchisees.

(2) Franchisor will deposit all contributions to the Advertising Fund in an account separate from its other funds and will not use them to defray any of Franchisor's general operating expenses, except for reasonable administrative costs and overhead that Franchisor incurs in activities reasonably related to the administration of the Advertising Fund or the management of Advertising Fund-supported programs (including salaries of Franchisor's personnel who devote time to Advertising Fund activities). Any contributions to the Advertising Fund that are not spent in Franchisor's fiscal year will carry over to the next fiscal year.

(3) Franchisor will prepare an unaudited statement of contributions and expenditures for the Advertising Fund within sixty (60) days after the close of Franchisor's fiscal year and provide it to franchisees who make a written request for a copy. Franchisor will have the right at any time to dissolve the Advertising Fund. If Franchisor dissolves the Advertising Fund, Franchisor will either expend all monies in the Advertising Fund or rebate contributions on a pro-rata basis.

**(b) Local Advertising.** Franchisee is required to spend one percent (1%) of the annual Gross Sales of the Franchised Business on local advertising for that Franchised Business. All such advertisements shall comply with any standards established by Franchisor and shall be subject to prepublication review and written approval by Franchisor with respect to, but not limited to, context, style, appearance, composition, timing and media. All advertisements must be submitted to Franchisor via mail, e-mail or facsimile. Franchisor will inform Franchisee within three (3) business days of receipt of any advertisement, whether any such advertisement is acceptable to Franchisor, in Franchisor's sole discretion. Franchisee does not have to seek such approval to reuse the same exact advertisement previously approved by Franchisor provided that such advertisement is: (i) reused in the same medium; and (ii) published within one (1) year from the date of Franchisor's original approval. Franchisor will provide Franchisee a list of pre-designed advertising pieces, such as newspaper ads, coupons and postcards. Use of pre-designed advertising is subject to prepublication review and written approval by

Franchisor with respect to context, timing and media. Franchisee must pay all printing costs involved in the creation of advertisements even if Franchisee uses pre-designed advertising supplied by Franchisor.

**(c) Regional Advertising.** Franchisor reserves the right to establish regional advertising funds or cooperatives. If Franchisor establishes a regional advertising fund or cooperative in the geographical area that includes the Franchised Location, Franchisee will be required to contribute a portion of the Advertising Fee and/or its required local advertising expenditure with respect to that Franchised Business to the regional advertising fund or cooperative. Flower Tent Businesses operated by Franchisor or its affiliates in an area covered by a regional advertising fund or cooperative will contribute to the regional advertising fund or cooperative on the same basis as comparable franchisees. If Franchisor establishes a regional cooperative, monies in the cooperative may be spent for the purposes determined by majority vote of the cooperative on the basis of one vote for each Flower Tent Business in the cooperative. If the members of the cooperative are unable or fail to determine how to spend cooperative monies, Franchisor may assume this decision-making authority following 10 days' advance written notice to the cooperative members.

**(d) Use of Franchisee's Name, Likeness and Voice.** Franchisor will be entitled to use the name, likeness and voice of Franchisee and its Principals (as defined below) and employees for purposes of promoting the System, Franchisor and its products, including all photos and audio and video recordings of such persons, and Franchisee hereby irrevocably consents thereto. At Franchisor's request, Franchisee will obtain from any or all Principals and employees, written consent, in such form as Franchisor may request, to comply with the obligations set forth herein.

## **11. Marks; Proprietary Information**

**(a)** For purposes of this Agreement, the term "Marks" means the "FLOWER TENT" mark and the names, marks, logos, insignias, slogans, emblems, symbols and designs and/or copyrights owned by Franchisor or used in connection with Flower Tent Businesses and the trade dress used in connection with Flower Tent Businesses.

**(b)** Use of any Mark must be accompanied by the registration, service mark, trademark or other symbol, as designated by Franchisor, in close proximity to the Mark. Any reproduction of any items suitable for copyright protection by Franchisor must bear a copyright notice in the form designated by Franchisor. All advertising and promotional materials generated by or for Franchisee will be subject to Franchisor's prior approval and will be completely factual. Franchisee must utilize all commercially reasonable means to refrain from any business or advertising practice that may be injurious to the business of Franchisor, the goodwill associated with the Marks or Flower Tent Businesses.

**(c)** Franchisee will not have the exclusive right to use the Marks or the Proprietary Information. Franchisee may not offer or grant any sublicense or other rights to use the Marks or the Proprietary Information to any person or entity. Franchisee acknowledges and agrees that Franchisor maintains and reserves all rights to the Marks and the Proprietary Information except as expressly set forth in this Agreement. Franchisee further acknowledges and agrees that Franchisee's right to use the Marks and the Proprietary Information is derived solely from this Agreement and that Franchisee will not derive any right, title or interest in the Marks or the Proprietary Information other than a license to use the Marks and the Proprietary Information in connection with the operation of the Franchised Business during the term of this Agreement. Upon expiration or termination of this Agreement, Franchisee may not, directly or indirectly, use the Marks or the Proprietary Information in any manner or for any purpose whatsoever. Franchisee agrees that Franchisee will not in any way infringe upon, harm or contest the rights of Franchisor or any other person or other entity to use of the Marks and the Proprietary Information. Franchisee further acknowledges that Franchisee's use of the Marks pursuant to this

Agreement will inure to the benefit of Franchisor and that any goodwill arising from Franchisee's use will automatically vest in Franchisor.

(d) Franchisee may not include the name "FLOWER TENT" in Franchisee's corporate, partnership, limited liability company or other entity name. However, Franchisee may, subject to Franchisor's approval as discussed above, include the Marks in certain advertising or marketing materials for distribution. Franchisee must use the Marks and the Proprietary Information only in the manner prescribed by Franchisor and in no other manner.

(e) Franchisee must immediately notify Franchisor of any conduct that could constitute infringement of or challenge to the Marks or the Proprietary Information. Franchisor may, in its sole discretion, decide whether to institute any action in connection with infringement of or challenge to the Marks or the Proprietary Information, and will control all proceedings and litigation. Franchisee acknowledges and agrees that Franchisor has the right, but not the obligation, to initiate, direct and control any litigation or administrative proceeding relating to the Marks or the Proprietary Information, including, but not limited to, any settlement. Franchisee agrees to sign all documents and, render any other assistance Franchisor may deem necessary to the defense or prosecution of any such proceeding.

(f) Franchisor will reimburse Franchisee for all damages and expenses that Franchisee incurs in any proceeding disputing Franchisee's authorized use of any Mark under this Agreement if Franchisee has timely notified Franchisor of, and complies with Franchisor's directions in responding to, the proceeding, and Franchisee has used the Marks in compliance with this Agreement, the Manual, and any other directives from us. At Franchisor's option, Franchisor may defend and control the defense of any proceeding arising from Franchisee's use of any Mark under this Agreement.

(g) Notwithstanding anything contained in this Agreement to the contrary, if it becomes advisable at any time, in Franchisor's sole discretion, to modify or discontinue use of any Marks or any Proprietary Information, or use one or more additional or substitute Marks and/or other information and/or rights, Franchisee must, at Franchisee's expense, comply within a reasonable time after notice thereof by Franchisor.

(h) Upon any breach by Franchisee of any of the terms of this Section 11, Franchisor may institute and prosecute proceedings, at law or in equity, in any court of competent jurisdiction, to obtain an injunction to enforce the provisions of this Agreement and to pursue any other remedy to which Franchisor may be entitled. Franchisee agrees that the rights conveyed by this Agreement are of a unique and special nature and that Franchisor's remedy at law for any breach would be inadequate and agrees and consents that temporary or permanent injunctive relief may be granted in any proceeding which may be brought to enforce any provision of this Section 11, without the necessity of posting bond therefor or proof of actual damages.

## **12. Guaranty of Franchisee's Obligations**

If Franchisee is an entity other than an individual (for example, a corporation, partnership, limited liability company or other entity), Franchisee must deliver to Franchisor, simultaneously with the execution of this Agreement, a guaranty executed by each person (and his/her spouse) or entity owning, directly or indirectly, a five percent (5%) or greater equity interest in Franchisee (the "Principals"), in the form of Exhibit B to this Agreement, pursuant to which the Principals agree to perform, and guaranty, Franchisee's monetary obligations to Franchisor, and agree to be bound by the confidentiality provisions and restrictive covenants contained in this Agreement.

### **13. Indemnification**

Franchisee must protect, defend, indemnify and hold harmless Franchisor and its affiliates and their respective officers, directors, employees, shareholders, agents, successors and assigns (collectively, the “Indemnified Parties”) from and against any and all damages, claims, demands, liabilities, losses, costs and expenses (including reasonable attorneys’ fees), of every kind and nature, suffered or incurred by any of the Indemnified Parties in connection with any lawsuit, action, proceeding or claim based upon, arising out of or in any way related to the operation or condition of the Franchised Business, Franchisee’s ownership or possession of the real and personal property used in connection with the Franchised Business, or any actions or omissions of Franchisee, or its agents, contractors or employees.

### **14. Confidentiality; Covenant Not to Compete**

**(a) Confidentiality.** Franchisee acknowledges that Franchisor and its affiliates are engaged in a highly competitive business, the success of which is dependent upon, among other things, confidential and proprietary information. Franchisee further acknowledges that Franchisor’s and its affiliate’s method of operation, processes, techniques and procedures and the other Proprietary Information constitute valuable trade secrets.

**(1)** Franchisee and its Principals agree not to use for any purpose, or disclose or reveal (and must cause all of Franchisee’s directors, officers and employees not to use for any purpose, or disclose or reveal), during the term of this Agreement or thereafter, to any person any Proprietary Information or any other information relating to the operation of a Flower Tent Business. Franchisee must fully and strictly comply with all security measures prescribed by Franchisor for maintaining the confidentiality of all information designated by Franchisor as trade secrets.

**(2)** Franchisee acknowledges that a breach its obligations under this Section 14(a) would cause damage to Franchisor, its affiliates and to Franchisor’s other franchisees, and that Franchisee would be liable for this damage.

**(3)** Notwithstanding the foregoing, Franchisee may disclose Proprietary Information to a person who is bound by the terms of this provision regarding confidentiality and a restrictive covenant in connection with that person’s capacity with Franchisee contemplated by Section 14(b), to the extent that that disclosure is necessary in connection with that person’s capacity with Franchisee. In addition, notwithstanding the foregoing, Franchisee may use the Proprietary Information as may be necessary in connection with the operation of the Franchised Business.

**(4)** Notwithstanding the foregoing, the following will not be subject to the provision of this Section 14(a): (a) information which is in the public domain as of the date of receipt by Franchisee; (b) information that is known to Franchisee prior to the date of receipt of by Franchisee; (c) information that becomes known to the public without a breach of the provisions of this Section 14 or any agreement executed in connection with this Agreement; and (d) information that is required by law to be disclosed or revealed, but only strictly to the extent required by law.

**(b) Covenant not to Compete.** Franchisee agrees that it would be impossible after having received training and consultation from Franchisor and its affiliates, to operate any other business that provides sales of flowers and plants and related services, without using some or all of the trade secrets and information imparted to the Franchisee by Franchisor or its affiliates or without disclosing some of the Franchisor’s or its affiliate’s trade practices, secrets or methods of operation. Further, Franchisee acknowledges and recognizes that Franchisor is attempting to establish a nation-wide business presence in

the sales of flowers and plants and related services. Accordingly, for the foregoing reasons, Franchisee (and the Principals who sign the Guaranty) agree that:

(1) during the term of this Agreement, Franchisee (and the Principals who sign the Guaranty) will not directly or indirectly (as an owner, partner, director, officer, employee, manager, consultant, shareholder, representative, agent, lender or otherwise), be engaged in any sales of flowers and plants and related services other than the operation of the Franchised Business and any other Flower Tent Businesses operated under a Franchise Agreement with Franchisor; and

(2) for a period of two (2) years following the expiration, termination or transfer of this Agreement for any reason, Franchisee (and the Principals who sign the Guaranty) will not directly or indirectly (as an owner, partner, director, officer, employee, manager, consultant, shareholder, representative, agent, lender or otherwise), be engaged in any sales of flowers and plants and related services within the Protected Territory, within ten (10) miles of the border of the Protected Territory, or within ten (10) miles of any then-existing Flower Tent Business.

(c) **Enforcement.** Franchisee acknowledges that the provisions contained in this Section 14 (including the territorial and time restraints) are reasonable and necessary and agrees that Franchisee's failure to adhere strictly to the restrictions contained in this Section 14 will cause substantial and irreparable damage to Franchisor and to Franchisor's other franchisees. Upon any breach by Franchisee of any of the terms of this Section 14, Franchisor may institute and prosecute proceedings, at law or in equity, in any court of competent jurisdiction, to obtain an injunction to enforce the provisions of this Agreement and to pursue any other remedy to which Franchisor may be entitled. Franchisee agrees that the rights conveyed by this Agreement are of a unique and special nature, and that Franchisor's remedy at law for any breach would be inadequate and agrees and consents that temporary or permanent injunctive relief may be granted in any proceeding which may be brought to enforce any provision of this Section 14, without the necessity of posting bond therefor or proof of actual damages.

(d) **Scope.** If the scope of any restriction contained in this Section 14 is determined to be too broad to permit the enforcement of that restriction to its fullest extent, then that restriction will be enforced to the maximum extent permitted by law, and Franchisor and Franchisee each consent and agree that the scope may be limited or modified accordingly in any proceeding brought to enforce that restriction. Each provision contained in this Section 14 is independent and severable and, to the extent that any provision is declared by a court of competent jurisdiction to be illegal, invalid or unenforceable, that declaration will not affect the legality, validity or enforceability of any other provision contained in this Agreement or the legality, validity or enforceability of that provision in any other jurisdiction.

## **15. Transfer**

(a) **No Subfranchising.** Franchisee may not offer or grant any subfranchise of the Franchise, or sell or otherwise transfer any equipment or other assets used in connection with the Franchised Business (other than in the ordinary course of Franchisee's business), without the express written consent of Franchisor, which consent may be withheld by Franchisor, in its sole discretion.

(b) **Transfer Defined.** Franchisee may not sell or otherwise transfer, by operation of law or otherwise, the Franchise or the Franchised Business, or assign any right granted under this Agreement, without the prior written consent of Franchisor, which consent may be withheld by Franchisor, in its sole discretion. Without limiting the foregoing, it is agreed that Franchisor's withholding of consent: (i) because the prospective transferee (the "Transferee") would not satisfy the then-current qualifications for franchisees, (ii) because the financial or other terms of the transfer may have an adverse impact upon the Transferee's development and operation of the Franchised Business; or (iii) at a time when Franchisee

(or Franchisee's Principals or managers) is in breach of, or default under, this Agreement or any other agreement with Franchisor is reasonable. Any transfer of an equity interest in Franchisee, by operation of law or otherwise, and any merger or consolidation of Franchisee (if a corporation, partnership, limited liability company or other entity) will be deemed to be a transfer of the Franchised Business in violation of this Section 15.

**(c) Transfer Conditions**

**(1)** If Franchisee desires to sell or otherwise transfer the Franchise, the Franchised Business, any assets of the Franchised Business, or assign any right granted under this Agreement, Franchisee must provide Franchisor with a written request for a transfer, which request must be accompanied by financial and other information regarding the Transferee as Franchisor may require and all pertinent terms of the transaction (which transaction must be for cash and no other consideration) and shall pay a transfer fee in the amount of \$5,000 (the "Transfer Fee"). All of the foregoing information and the Transfer Fee are collectively referred to as the "Required Materials". Franchisor may, but will not be obligated to, contact or meet with the Transferee.

**(2)** Within thirty (30) days after Franchisor's receipt of all of the Required Materials, Franchisor has the right to notify Franchisee that: (i) Franchisor desires to purchase the Franchised Business and Franchisee's rights under this Agreement, upon the same terms and conditions as are offered by the Transferee, (ii) the transfer is approved, or (iii) the transfer is disapproved, at Franchisor's election. If the transfer is disapproved, the Transfer Fee, less all out-of-pocket expenses incurred by Franchisor relating to the proposed transfer, will be refunded to Franchisee.

**(3)** If Franchisor notifies Franchisee that it desires to purchase the Franchised Business and Franchisee's rights under this Agreement, that transaction will be consummated, upon the same terms and conditions as are offered by the Transferee, but not later than sixty (60) days after the end of the thirty (30) day period referred to above.

**(4)** If Franchisor notifies Franchisee that the transfer is approved, Franchisee may transfer the Franchised Business, within sixty (60) days after the end of the thirty (30) day period referred to above, to the Transferee on terms no less favorable to Franchisee than the terms set forth in the Required Materials, provided that:

**(a)** The Transferee executes the form of franchise agreement then being executed by new franchisees and the other documents attached to that franchise agreement have been executed; provided, however, that the term of the franchise will be the period remaining under this Agreement and that no initial franchise fee must be paid;

**(b)** Each person (and his/her spouse) or entity owning, directly or indirectly, a five percent (5%) or greater equity interest in the Transferee (for example, the general partners or the shareholders) executes an agreement in the form of an exhibit to the form of franchise agreement then being executed by new franchisees, pursuant to which Franchisee agrees to perform, and guaranty, the Transferee's obligations to Franchisor, and agrees to be bound by the confidentiality provisions and restrictive covenants contained in the form of franchise agreement then being executed by new franchisees;

**(c)** Prior to the closing of the transfer, the Transferee executes a confidentiality agreement in the form required by Franchisor and attends and satisfactorily completes the Training Program, in the sole discretion of Franchisor, if required by Franchisor and pays Franchisor the then-current training fee for the Training Program;

(d) Franchisee executes and delivers to Franchisor a general release of Franchisor, in the form that Franchisor may require;

(e) Prior to the closing of the transfer, Franchisee, at Franchisee's expense, remodels and updates the Franchised Business that is the subject to the transfer to Franchisor's then-current standards; and

(f) All amounts outstanding by Franchisee to Franchisor as of the date of the closing are paid at the closing, and all breaches of or defaults under this Agreement or any other agreement with Franchisor are cured as of the closing.

**(d) Transfer for Convenience of Ownership.** Any transfer to a corporation, partnership, limited liability company or other entity that is majority-owned by Franchisee will be subject to the other provisions of this Section 15; provided, however, there will be no Transfer Fee and Franchisor will not have the right of first refusal contemplated by Section 15.(c)(2). In connection with this transfer, however, the franchised entity must execute the form of franchise agreement then being executed by new franchisees (and will be subject to the terms of that franchise agreement other than the term and the initial franchise fee) and each person (and his or her spouse), corporation, partnership, limited liability company or other entity that owns, directly or indirectly, a five percent (5%) or greater equity interest in the franchised entity must execute and deliver to Franchisor a personal guaranty and an agreement to be bound by the confidentiality provisions and restrictive covenants contained in the then-current franchise agreement. Despite the transfer of Franchisee's rights, Franchisee will be secondarily liable for the transferee's performance of its obligations under the then-current franchise agreement.

**(e) Transfer on Death, Disability or Dissolution of Marriage.** In the case of an individual Franchisee, any attempt to transfer the Franchised Business or assign any right granted under this Agreement upon Franchisee's death, disability or dissolution of marriage (if the Franchised Business, or a majority interest therein, will be transferred to Franchisee's spouse upon dissolution of marriage) will be subject to the restrictions on transfer contained in this Section 15; provided, however, that Franchisor will not have the right of first refusal contemplated by Section 15(c)(2). However, if Franchisor does not approve the proposed transferee upon death, disability or dissolution of marriage, Franchisee or his/her legal representative must, within ninety (90) days after Franchisee's death, disability or dissolution of marriage, transfer the Franchised Business to a person or entity approved by Franchisor in accordance with the provisions of this Section 15 within this ninety (90) day period or this Agreement will terminate.

**(f) Transfer by Franchisor.** Franchisor shall have the absolute, unrestricted right, exercisable at any time, to transfer and assign all or any part of its rights and obligations under this Agreement to any person or legal entity without the consent of Franchisee.

## **16. Term; Renewal**

**(a) Term.** Subject to Section 17 of this Agreement, the term of this Agreement will commence on the date set forth on the signature page of this Agreement and will expire ten (10) years after that date. However, if Franchisee executed this Agreement in connection with a transfer of the Franchised Business, the term of this Agreement will continue until the date that the transferring franchisee's Franchise Agreement would have expired.

**(b) Renewal.** If this Agreement has not been terminated prior to the end of the initial term, then Franchisee may renew the Franchise for two (2) consecutive five (5) year terms commencing upon the expiration of the initial term, provided that:



(1) Franchisee must notify Franchisor in writing of Franchisee's intention to renew at least six (6) months (but not more than twelve (12) months) before the end of the then-current term (initial or renewal), which notice must be accompanied by a renewal fee of \$5,000 payable in cash or by cashiers or certified check or credit card;

(2) Prior to each renewal, Franchisee must, in the event that the Franchised Business has not previously been updated or remodeled within the previous five (5) years, at Franchisee's expense (not to exceed \$10,000 for the Franchised Business), remodel and update the Franchised Business to meet Franchisor's then-current standards;

(3) Prior to each renewal, Franchisee must execute Franchisor's then-current form of franchise agreement that may contain substantially different terms and conditions as contained in this Agreement including, without limitation, higher Royalty rates and Advertising Fees;

(4) Prior to each renewal, Franchisee must execute a general release of Franchisor, whereby Franchisee releases Franchisor from any claims not previously identified in writing by the Franchisee, in the form that Franchisor may require; and

(5) Prior to each renewal, Franchisee must, at Franchisee's expense, attend such training programs or refresher courses as Franchisor may request.

(c) **Non-renewal.** Additionally, Franchisor may elect to not renew this Agreement for any good cause by providing Franchisee with six (6) months written notice prior to the end of the then-current term to Franchisee. In the event, Franchisee has submitted a renewal fee prior to the time of any such notice, Franchisor shall return the renewal fee. If any of the above requirements have not been satisfied, the Franchise will not be renewed and will expire at the end of the then-current term. The parties agree that the Franchisor's refusal to renew if any of the above requirements has not been satisfied constitutes "good cause."

## **17. Termination**

(a) **Termination of this Agreement Without Opportunity to Cure.** Upon the occurrence of any of the following events, this Agreement and the rights granted under this Agreement will terminate immediately without opportunity to cure:

(1) Except as a result of fire or other casualty, if Franchisee ceases to operate or otherwise abandons the Franchised Business without authorization from Franchisor as evidenced by the Franchised Business being closed for business during the Selling Season for more than five (5) consecutive days.

(2) If any transfer that requires Franchisor's prior written approval occurs without Franchisee having obtained that approval.

(3) If Franchisee challenges or seeks to challenge Franchisor's rights or title to the Marks or the validity of any attempted registration thereof.

(4) If Franchisee or any Principal becomes insolvent, makes an assignment for the benefit of creditors, admits in writing its insolvency or inability to pay debts generally as they become due, consents to the appointment of a receiver, trustee or liquidator of all or a substantial part of their property, files a petition for bankruptcy, is placed in involuntary bankruptcy or any order appointing a receiver, trustee or liquidator is not vacated within sixty (60) days following the order's entry.

(5) If any involuntary lien exceeding \$10,000 is placed on Franchisee's business assets and is not promptly (but in any event within thirty (30) days) removed or bonded against.

(6) If Franchisee does not obtain Franchisor's site acceptance and open the Franchised Business within one (1) year after the date of this Agreement.

(7) If Franchisee misrepresents, or commits fraud in connection with information contained in Franchisee's application for a franchise, or in any other oral information communicated to Franchisor.

(8) If Franchisee or any Principal is convicted of a crime that is reasonably likely, in Franchisor's sole opinion, to adversely affect Franchisor, its affiliate, the goodwill associated with the Marks, or the System.

(9) If Franchisee (or Franchisee's Principals) receives three (3) or more notices of default within a twelve (12) month period for failing to pay any monies owed to Franchisor or to perform any obligation under this Agreement, or any other agreement with Franchisor.

(10) If Franchisee fails to repair or reopen the Franchised Business in accordance with Section 9(e) of this Agreement.

(11) If Franchisee violates any law, ordinance, rule or regulation of a governmental agency in connection with the operation of the Franchised Business and permits such connection with the operation of the Franchised Business and permits such governmental agency violation to go uncorrected after notification thereof, unless there is a bona fide dispute as to the violation or legality of any such law, ordinance, rule or regulation and Franchisee promptly resorts to courts or forums of appropriate jurisdiction to contest such violation.

**(b) Termination of this Agreement with Opportunity to Cure.** This Agreement may be terminated by Franchisor, at its option, upon the occurrence of any of the following events ("Events of Default"), which are deemed to be terminations for "good cause":

(1) If Franchisee (or Franchisee's Principals) fails to pay any monies owed to Franchisor under this Agreement, or any other agreement with Franchisor, and that failure has not been cured within ten (10) days after Franchisor has provided notice of that failure to Franchisee. Termination will be effective immediately upon the expiration of the end of that cure period.

(2) If Franchisee (or Franchisee's Principals) fails to perform any obligation (other than the payment of monies owed to Franchisor) under this Agreement, or any other agreement with Franchisor; Franchisee may cure that failure within thirty (30) days after Franchisor has provided notice of that failure to Franchisee. Termination will be effective immediately upon the expiration of the end of that cure period.

(3) If Franchisee (or, if Franchisee is a corporation, partnership, limited liability company or other entity, the person who will be responsible for the operation of the Franchised Business) fails to satisfactorily complete the Training Program, in the sole discretion of Franchisor, a second time or refuses to attend the Training Program a second time. Termination will be effective upon the 30th day after that notice, unless the Franchisee (or the person responsible for the operation of the Franchised Business) satisfactorily completes the Training Program within that thirty (30) day period.

(4) If Franchisee loses possession of the premises of the Franchised Business for reasons related to the breach of Franchisee's lease or mortgage agreement during the term of this Agreement and such loss is not cured within thirty (30) days after such loss, termination will be effective upon either of the following, at Franchisor's election:

(a) The date possession of the premises or site is lost, or

(b) The date thirty (30) days after Franchisor has provided notice of termination to Franchisee, unless Franchisee has regained possession of the premises of the Franchised Business within thirty (30) days after Franchisor has provided notice of termination to Franchisee.

(5) If Franchisee loses, or fails to obtain or maintain, any permit or license necessary to operate the Franchised Business for reasons unrelated to the seasonal nature of the Franchised Business and such loss or failure is not cured within thirty (30) days, termination will be effective upon either of the following, at Franchisor's election:

(a) The date that that permit or license is lost or denied, or

(b) The date thirty (30) days after Franchisor has provided notice of termination to Franchisee, unless Franchisee has obtained or regained that permit or license within thirty (30) days after Franchisor has provided notice of termination to Franchisee.

(6) If Franchisee operates the Franchised Business or maintains the Franchised Location in a manner that may materially and adversely affect the goodwill or reputation of Franchisor, its products or the Marks; provided, however, that if, in Franchisor's sole discretion, that damage is curable, Franchisee will have thirty (30) days within which to cure that damage. Termination will be effective immediately upon notice, unless that damage is curable, in which event, termination will be effective upon the 30th day after that notice, unless that damage is cured.

## **18. Rights and Obligations of the Parties upon Expiration or Termination**

(a) Upon expiration or termination of this Agreement for any reason:

(1) Franchisee shall have no further right to operate the Franchised Business and Franchisee's limited exclusive rights in the Protected Territory shall immediately terminate and Franchisor may operate or license others to operate businesses operated in whole or in part by the Marks anywhere in the Protected Territory.

(2) Franchisee will forfeit all fees paid with respect to the Franchised Business.

(3) All goodwill associated with the Franchised Business and Franchisee's use of the Marks with respect to the Franchised Business, is, and will be, the property of Franchisor, and Franchisee will receive no payment therefor.

(4) Franchisee must promptly return to Franchisor any Proprietary Information. Franchisor may enter the premises of the Franchised Business and recover any property of Franchisor without being liable for trespass.

(5) Franchisee must immediately: (a) cease using the Marks with respect to the Franchised Business, (b) cancel all assumed names or equivalent registrations relating to the use of the Marks with respect to the Franchised Business, (c) notify the telephone company and all listing agencies

of the termination of Franchisee's right to use the Marks with respect to the Franchised Business and, if requested by Franchisor, of Franchisee's assignment of Franchisee's telephone numbers for the Franchised Business to Franchisor. Franchisee irrevocably appoints and constitutes Franchisor and its designated agents, with full power of substitution, as Franchisee's agent and attorney-in-fact for and on behalf of, and in Franchisee's name, and at Franchisee's expense, to take any or all of the above actions, without liability for trespass. This special power of attorney will be deemed to be coupled with an interest and irrevocable.

(6) Franchisee must pay to Franchisor, within ten (10) days of expiration or termination of this Agreement, all amounts outstanding to Franchisor from Franchisee, including those invoiced to Franchisee after this Agreement expires or is terminated. Upon termination pursuant to any default by Franchisee, such sums shall include, but not be limited to, actual and consequential damages, costs and expenses (including reasonable attorney's fees) incurred by Franchisor as a result of the termination.

(b) In addition, upon expiration or termination of this Agreement (except any termination due to renewal or transfer of this Agreement and the Franchised Business) by Franchisor or by Franchisee, Franchisor may, but will not be obligated to, purchase, or have its designee purchase:

(1) All, or any portion of, Franchisee's signage; and/or

(2) All, or any portion of, the equipment, inventory, decor, supplies, and other tangible assets of the Franchised Business for an amount equal to the Value (as defined below). Franchisor, or its designee, may, but will not be obligated to, assume Franchisee's future obligations under Franchisee's premises leases or subleases and continue the operations of the Franchised Business in Franchisor's, or its designee's, name. If Franchisor is required by law, regulation or court order, to purchase the equipment, inventory, decor, supplies and/or other tangible assets used in connection with the Franchised Business, the purchase price will be equal to the Value.

(c) Upon any breach by Franchisee of any of the terms of this Section 18, Franchisor may institute and prosecute proceedings, at law or in equity, in any court of competent jurisdiction, to obtain an injunction to enforce the provisions of this Agreement and to pursue any other remedy to which Franchisor may be entitled. Franchisee agrees that the rights conveyed by this Agreement are of a unique and special nature and that Franchisor's remedy at law for any breach would be inadequate and agrees and consents that temporary or permanent injunctive relief may be granted in any proceeding that may be brought to enforce any provision of this Section 18, without the necessity of posting bond therefor or proof of actual damages.

## **19. Relationship of the Parties**

Franchisee is not and shall not hold itself out as an agent, legal representative, partner, subsidiary, joint venturer or employee of Franchisor. Franchisee shall have no right or power to, and shall not bind or obligate Franchisor in any way, manner or thing whatsoever, nor represent that it has the right to do so. Franchisee shall be responsible for all of its expenses incurred in connection with its obligations under this Agreement, including, without limitation, all taxes, benefits, insurance and salaries in connection with any person employed by Franchisee. In all public records and its relationship with other parties, on letterhead and business forms, Franchisee shall indicate its independent ownership of the Franchised Business and that it is only a franchisee of Franchisor. Franchisee shall exhibit a notification that it is a franchisee of Franchisor at the Franchised Business in a place that is visible to all customers. Nothing in this Agreement is intended, nor may anything in this Agreement be construed, to state or imply that

Franchisor is the employer of Franchisee's employees and/or independent contractors, nor that Franchisee is the employer of Franchisor's employees and/or independent contractors.

## **20. Notices**

Any notice required or permitted hereunder shall be in writing and shall be deemed duly given or made when received, either hand delivered, sent via reputable overnight carrier or mailed by registered mail, return receipt requested, to the party to whom the same is so given or made.

If to Franchisor, to:

FLOWER TENT USA, INC.  
P.O. Box 1675  
Kingston, PA 18704  
Attention: Thomas F. Ansilio

If to Franchisee to:

The name and address provided on the signature page below.

## **21. Consents and Waivers**

**(a) Approval or Consent.** Whenever Franchisor's prior written approval or consent is required under this Agreement, Franchisee agrees to make a timely written request to Franchisor for such consent. Franchisor's approval or consent must be in writing and signed by an authorized officer to be effective.

**(b) No Warranties.** Franchisor makes no warranties or guarantees upon which Franchisee may rely by providing any waiver, approval, consent or suggestion to Franchisee in connection with this Agreement and assumes no liability or obligation to Franchisee therefor, or by reason of any neglect, delay, or denial of any request therefor. Franchisor will not, by virtue of any approvals, advice or services provided to Franchisee, assume responsibility or liability to Franchisee or to any third parties to which Franchisor would not otherwise be subject.

**(c) Waivers.** No delay or failure to exercise any right under this Agreement or to insist upon Franchisee's strict compliance with any obligation or condition, and no custom or practice that differs from the terms of this Agreement, will constitute a waiver of Franchisor's right to exercise the contract provision or to demand Franchisee's strict compliance with the terms of this Agreement. Franchisor's waiver of any particular default does not affect or impair Franchisor's rights with respect to any subsequent default Franchisee may commit. Franchisor's waiver of a default by another franchisee does not affect or impair Franchisor's right to demand Franchisee's strict compliance with the terms of this Agreement. Franchisor's acceptance of any payments due from Franchisee does not waive any prior defaults.

**(d) Variance By Reason Of Force Majeure.** If the performance of any obligation by any party under this Agreement is prevented, hindered or delayed by reason of Force Majeure, which cannot be overcome by reasonable commercial measures, the parties will be relieved of their respective obligations (to the extent that the parties, having exercised best efforts, are prevented, hindered or delayed in such performance) during the period of such Force Majeure. The party whose performance is affected by an event of Force Majeure must give prompt written notice of such Force Majeure event to the other party by setting forth the nature of the Force Majeure and an estimate as to its duration. As used in this Agreement, the term "Force Majeure" means any act of nature, strike, lock-out or other industrial

disturbance, war (declared or undeclared), riot, epidemic, fire or other catastrophe, act of any government or other third party and any other cause not within the control of the party affected thereby. Franchisee's inability to obtain financing (regardless of the reason) may not constitute Force Majeure. Franchisor may upon notice to Franchisee terminate this Agreement with immediate effect, if Force Majeure affects, prevents, hinders or delays Franchisee with respect to the performance of any obligation or obligations under this Agreement for a cumulative total of ninety (90) days or more.

## **22. Entire Agreement**

Each element of this Agreement is essential and material and, except as otherwise provided in this Agreement, the parties shall deal with each other in good faith. This Agreement, the Manual, the documents referred to in this Agreement and the attachments to this Agreement constitute the entire agreement between the parties with respect to the Franchised Business and supersede all prior negotiations, representations, correspondence and agreements concerning the same subject matter. There are no other representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Agreement other than those set forth in this Agreement, in the attachments to this Agreement and in Franchisor's Franchise Disclosure Document. No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be implied into this Agreement. Except as expressly set forth in this Agreement, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and signed in writing. Nothing in this or in any related agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document furnished to Franchisee.

## **23. Severable Provisions**

Each and every provision of this Agreement is intended to be independent of and severable from the others. If any provision of this Agreement is declared by a court of competent jurisdiction to be illegal, unenforceable or invalid for any reason whatsoever, that illegality, unenforceability or invalidity will not affect the validity of the remainder of this Agreement or the legality, enforceability or validity of that provision in any other jurisdiction. It is the intention and the agreement of the parties to this Agreement that the noncompetition and confidential information provisions set forth in Section 14 of this Agreement and Franchisor's ability to terminate this Agreement be enforceable to the maximum extent permitted by law and, to that end, understand and agree that said provisions may be limited or modified by a court of competent jurisdiction to ensure enforceability thereof.

## **24. Enforcement**

**(a) Governing Law.** The Agreement takes effect upon its acceptance and execution by Franchisor in Pennsylvania. This Agreement and any claim or controversy arising out of, or relating to, rights and obligations of the parties under this Agreement and any other claim or controversy between the parties, except to the extent governed by the United States Trademark Act of 1946, shall be governed by and construed in accordance with the laws of the State of Pennsylvania without regard to conflicts of laws principles. If, however, any provision of this Agreement would not be enforceable under the laws of Pennsylvania, and if the Franchised Business is located outside of Pennsylvania and such provision would be enforceable under the laws of the state in which that Franchised Business is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this Section is intended, or shall be deemed, to make any Pennsylvania law regulating the offer or sale of franchises or the franchise relationship applicable to this Agreement if such law would not otherwise be applicable.

**(b) Jurisdiction.** Any judicial action brought by Franchisee against Franchisor shall be brought exclusively, and any action brought by Franchisor against Franchisee may be brought, in the federal district court covering the location at which Franchisor has its principal place of business at the time the action is commenced; provided, however, that if the federal court would not have subject matter jurisdiction had the action been commenced in such court, then, in such event, the action shall (with respect to actions commenced by Franchisee) and may (with respect to actions commenced by Franchisor) be brought in the state court within the judicial district in which Franchisor has its principal place of business at the time the action is commenced. The parties waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

**(c) WAIVER OF JURY TRIAL AND DAMAGES. FRANCHISOR AND FRANCHISEE WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST EACH OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THE PARTIES, EACH PARTY WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED. FRANCHISOR AND FRANCHISEE WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO BRING, OR BE A CLASS MEMBER IN, ANY CLASS ACTION SUITS AND THE RIGHT TO TRIAL BY JURY.**

**(d) Limitation of Actions.** Any and all claims and actions arising out of or relating to this Agreement, the relationship between Franchisor and Franchisee, or Franchisee's operation of the Franchised Business, must be brought or asserted before the expiration of the earlier of: (i) the time period for bringing an action under any applicable state or federal statute of limitations; (ii) one (1) year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (iii) two (2) years after the first act or omission giving rise to an alleged claim; or it is expressly acknowledged and agreed by all parties that such claims or actions will be irrevocably barred. Franchisor's claims attributable to underreporting of sales, and claims of the parties for failure to pay monies owed and/or indemnification will be subject only to the applicable state or federal statute of limitations.

**(e) Attorneys' Fees, Costs and Expenses.** In the event of any claim, controversy or dispute arising out of or relating to this Agreement, or the breach thereof, the prevailing party may recover reasonable attorneys' fees, costs and expenses incurred in connection with any judicial proceeding. The amount of the fees, costs and expenses will be determined by the court and not by a jury.

**(f) Rights and Remedies Cumulative.** No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy. The provisions of this Section 24 shall survive the expiration or earlier termination of this Agreement.

**(g) Injunctive Relief.** Franchisee recognizes that Franchisee's failure to comply with the terms of this Agreement, including, but not limited to, the failure to fully comply with all post-termination obligations, is likely to cause irreparable harm to Franchisor, its affiliates and the System. Therefore, Franchisee agrees that, in the event of a breach or threatened breach of any of the terms of this Agreement by Franchisee, Franchisor will be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by Franchisor will be in addition to, and not in lieu of, all remedies and rights that Franchisee otherwise may have arising under applicable law or by virtue of any breach of this Agreement.

## **25. Miscellaneous**

**(a) Survival.** Notwithstanding anything contained in this Agreement to the contrary, the provisions of this Agreement which by their nature affect the parties' rights and obligations after the expiration or termination of this Agreement will survive any expiration and termination of this Agreement.

**(b) Successors and Assigns.** Subject to Section 15, which restricts Franchisee's rights to assign the Franchise for the Franchised Business and this Agreement and Franchisee's rights hereunder, this Agreement will be binding upon and inure to the benefit of the parties and their respective assigns, legal representatives, executors, heirs and successors. Any attempt by Franchisee to assign this Agreement, or any of Franchisee's rights hereunder, or to delegate Franchisee's obligations hereunder, without compliance with the terms of Section 15 will be void. Notwithstanding anything contained in this Agreement to the contrary, Franchisor may assign this Agreement, or any of its rights hereunder, or delegate any of its obligations hereunder without the consent of Franchisee or any other person.

**(c) Terminology.** All references in this Agreement to the term "including" means "including, without limitation." All captions, headings or titles in the paragraphs or Sections of this Agreement are inserted for convenience of reference only and do not constitute a part of this Agreement or a limitation of the scope of the particular paragraph or Section to which they apply. All personal pronouns used in this Agreement, whether used in the masculine, feminine, or neuter gender, will, where appropriate, include all other genders and the singular will include the plural and vice versa.

**(d) Counterparts.** This Agreement may be executed in two or more counterparts each of which will be considered one and the same agreement and will become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

**(e) Construction.** The parties acknowledge that each party was represented (or had the opportunity to be represented) by legal counsel in connection with this Agreement and that each of them and his, her or its counsel have reviewed this Agreement; or have had an opportunity to do so, and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party will not be employed in the interpretation of this Agreement or any amendments or any exhibits hereto or thereto.

**(f) Additional Actions.** Each party agrees to do all acts and things and to make, execute and deliver such written instruments as may from time to time be reasonably required to carry out the terms and provisions of this Agreement.

**(g) Delegation of Performance.** Franchisee agrees that Franchisor has the right to delegate the performance of any portion or all of Franchisor's obligations under this Agreement to third-party designees, whether these designees are Franchisor's agents or independent contractors with whom Franchisor has contracted to perform these obligations. If Franchisor does so, such third-party designees will be obligated to perform the delegated functions for Franchisor in compliance with this Agreement.

**(h) Computation of Time.** Whenever the last day for the exercise of any privilege or discharge of any duty under this Agreement falls upon Saturday, Sunday or any legal holiday under Pennsylvania law, the party having that privilege or duty will have until 5:00 p.m. Eastern time, on the next succeeding regular business day to exercise that privilege or to discharge that duty.

**(i) Currency.** Unless otherwise directed by Franchisor in writing, all amounts contemplated by this Agreement will be paid in United States Dollars. Computation of any amounts to be paid which require conversion between currencies will be made at the selling rate for United States Dollars quoted by



Franchisor's primary bank on the date on which payment is made. Franchisee will pay all costs of currency exchange.

**(j) Authority.** Any individual signing below on behalf of a corporation, partnership, limited liability company or other entity personally represents that Franchisee has full authority to bind the party or parties on whose behalf Franchisee is signing.

[Signature Page to Follow]

**IN WITNESS WHEREOF**, the parties have executed this Agreement, or caused this Agreement to be executed, as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**NAME OF FRANCHISEE:** \_\_\_\_\_

Check One:      \_\_\_\_\_ Individual                                      \_\_\_\_\_ Corporation  
                         \_\_\_\_\_ General Partnership                                      \_\_\_\_\_ Limited Partnership  
                         \_\_\_\_\_ Limited Liability Company                                      \_\_\_\_\_ Other Entity (Identify)

State of Organization or Residence: \_\_\_\_\_

Executed By: \_\_\_\_\_  
(Sign Name)

\_\_\_\_\_  
(Print Name)

If executed on behalf of a corporation, a partnership, a limited liability company or another type of entity, list title: \_\_\_\_\_

Address: \_\_\_\_\_

Phone No. \_\_\_\_\_

Mobile No. \_\_\_\_\_

Fax No. \_\_\_\_\_

E-mail address \_\_\_\_\_

Principals of Franchisee (Shareholders, Partners, Members, etc.--Total MUST equal 100%)

<u>Name</u>	<u>% Ownership</u>
-------------	--------------------

**FLOWER TENT USA, INC.**

By: \_\_\_\_\_  
Name: Thomas F. Ansilio, Jr.

Title: President

**EXHIBIT A**

**FRANCHISE INFORMATION**

1. Site Acceptance Deadline: \_\_\_\_\_
2. Opening Deadline: \_\_\_\_\_
3. Franchised Location: \_\_\_\_\_
4. Protected Territory: \_\_\_\_\_
5. Initial Franchise Fee: \_\_\_\_\_

Check One	Single Unit Franchise Agreement No.	Initial Franchise Fee
	1	\$29,900
	2	\$10,000
	3	\$5,000

6. Existing Flower Tent Businesses in the Protected Territory: \_\_\_\_\_  
\_\_\_\_\_

This Exhibit A is current as of the following date: \_\_\_\_\_, 20\_\_.

**FRANCHISEE:**

Executed By: \_\_\_\_\_  
(Sign Name)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Title)

**FLOWER TENT USA, INC.**

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

Name: Thomas F. Ansilio, Jr.

Title: President

## **EXHIBIT B**

### **AGREEMENT TO BE BOUND AND TO GUARANTEE**

THIS AGREEMENT, dated \_\_\_\_\_, is executed by \_\_\_\_\_ (“Guarantor”) in favor of Flower Tent USA, Inc. (“Flower Tent USA”).

WHEREAS, as an inducement for Flower Tent USA to execute and deliver, and to perform its obligations under, that certain Franchise Agreement (the “Franchise Agreement”), dated \_\_\_\_\_, by and between Flower Tent USA and \_\_\_\_\_ (“Franchisee”), Guarantor has agreed to jointly and severally guarantee the obligations of Franchisee under the Franchise Agreement and has agreed to be bound by the confidentiality provisions and restrictive covenants contained in the Franchise Agreement.

WHEREAS, Guarantor owns, directly or indirectly, a five percent (5%) or greater equity interest in Franchisee.

WHEREAS, Guarantor acknowledges and agree that Flower Tent USA will materially rely upon Guarantor’s obligations under this Agreement.

NOW, THEREFORE, in consideration of the foregoing promises and the execution and delivery of the Franchise Agreement by Flower Tent USA, and the performance of Flower Tent USA’s obligations thereunder, Guarantor agrees, for the benefit of Flower Tent USA and its affiliates as follows:

1. Guarantor unconditionally guarantees and promises to pay to Flower Tent USA and/or its affiliates and to perform, for the benefit of Flower Tent USA and/or its affiliates, on demand, any and all obligations and liabilities of Franchisee in connection with, with respect to or arising out of the Franchise Agreement or any other agreement with Flower Tent USA or its affiliates.
2. Guarantor agrees to be bound by the confidentiality provisions and restrictive covenants contained in the Franchise Agreement, including, without limitation, Section 14 thereof.
3. Flower Tent USA will be entitled to use the name, likeness and voice of Guarantor for purposes of promoting the franchise, Flower Tent USA and its products, including all photos and audio and video recordings, and Guarantor hereby irrevocably consents thereto.
4. This is a guaranty of payment and not of collection. This Agreement shall remain in full force and effect until all amounts payable by Guarantor shall have been validly, finally and irrevocably paid in full and all obligations to be performed by Guarantor shall have been validly, finally and irrevocably performed in full.
5. This Agreement shall not be affected in any way by: (i) the absence of any action to obtain such amounts from Franchisee or any other guarantor or indemnitor or of any recourse to any security for such amounts; or (ii) any extension, waiver, compromise or release of any or all of the obligations of Franchisee or any guarantor.
6. Guarantor hereby agrees that he/she will not exercise any rights of subrogation which he/she may acquire due to any payment or performance of the obligations of Franchisee pursuant to this Agreement unless and until all amounts payable to Flower Tent USA or its affiliates, and all obligations for the benefit of Flower Tent USA or its affiliates, shall have been validly, finally and irrevocably, paid and performed in full.

7. No failure or delay on the part of Flower Tent USA or its affiliates in exercising its rights hereunder shall operate as a waiver of, or impair, any such right. No single or partial exercise of any such right shall preclude any other or further exercise thereof or the exercise of any other right. No waiver of any such right shall be effective unless given in writing, specifying with particularity the nature of the waiver. No waiver of any such right shall be deemed a waiver of any other right hereunder. The rights provided for herein are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law.
8. Guarantor shall pay reasonable attorneys' fees and expenses and all other costs and expenses which may be incurred by Flower Tent USA or its affiliates in connection with enforcing this Agreement.
9. This Agreement shall be governed by, and construed and enforced in accordance with, the law of the State of Pennsylvania, notwithstanding any conflict of law rules to the contrary. Guarantor hereby consents to the exclusive jurisdiction of the state and federal courts located in the State of Pennsylvania in connection with any dispute based on, arising out of or in connection with this Agreement.
10. This Agreement shall be binding upon Guarantor and his / her respective successors, heirs and assigns and shall inure to the benefit of Flower Tent USA, its affiliates and their respective successors and assigns.
11. If more than one person signs this Agreement as a Guarantor, his, her or its obligation shall be joint and several.

Name(s) of Guarantor(s): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Name of Franchisee: \_\_\_\_\_  
EXECUTED as of: \_\_\_\_\_

Name: \_\_\_\_\_ Name: \_\_\_\_\_  
(Print Name) (Print Name)

Executed by: \_\_\_\_\_ Executed by: \_\_\_\_\_

**EXHIBIT C**  
**MULTI-UNIT FRANCHISE AGREEMENT**

**FLOWER TENT MULTI-UNIT FRANCHISE AGREEMENT**

**FRANCHISEE:** \_\_\_\_\_

## TABLE OF CONTENTS

	Page
1. Grant of Franchise .....	1
2. Acknowledgements .....	2
3. Development of Franchised Businesses in the Development Territory.....	2
4. Training .....	4
5. Location Approval; Relocation.....	5
6. Fees .....	6
7. Reporting; Audit Rights.....	7
8. Manual .....	8
9. Operation of the Franchised Businesses .....	8
10. Advertising .....	13
11. Marks; Proprietary Information.....	14
12. Guaranty of Franchisee's Obligations .....	15
13. Indemnification.....	16
14. Confidentiality; Covenant Not to Compete .....	16
15. Transfer.....	17
16. Term; Renewal .....	20
17. Termination .....	20
18. Rights and Obligations of the Parties upon Expiration or Termination.....	23
19. Relationship of the Parties .....	26
20. Notices .....	26
21. Consents and Waivers .....	26
22. Entire Agreement.....	27
23. Severable Provisions.....	27
24. Enforcement.....	28
25. Miscellaneous .....	29

Exhibit A: Development Information

Exhibit B: Franchise Information

Exhibit C: Agreement to be Bound and to Guarantee



## FRANCHISE AGREEMENT

**THIS FRANCHISE AGREEMENT** (“Agreement”), dated as of the date set forth on the last page of this Agreement, by and between **FLOWER TENT USA, INC.**, a Pennsylvania corporation (“Franchisor”), whose principal business address is P.O. Box 1675 Kingston, Pennsylvania 18704, and the franchisee identified on the last page of this Agreement (“Franchisee”), whose address is set forth on the last page of this Agreement.

### RECITALS

**A.** Franchisor and its affiliates have, as a result of significant time, effort and money, originated a unique system (the “System”) for developing and operating retail businesses selling flowers and associated products (each a “Flower Tent Business”);

**B.** Franchisor identifies the System by means of the “Flower Tent” name and mark and certain other names, marks, logos, insignias, slogans, emblems, symbols and designs, which Franchisor has designated, or may in the future designate, for use with the System (collectively, the “Marks”);

**C.** Franchisor and its affiliates own confidential and proprietary information and rights relating to the development, promotion and operation of Flower Tent Businesses (the “Proprietary Information”);

**D.** Franchisee desires to obtain the right (the “Franchise”) to use the System, the Marks and the Proprietary Information to develop and operate up to six (6) franchised Flower Tent Businesses (the “Franchised Businesses”) within the geographic area described in the attached Exhibit A (the “Development Territory”) at locations accepted by Franchisor and identified in Exhibit B (“Franchised Locations”) subject to the terms and conditions of this Agreement and in strict compliance with the high and uniform standards of quality, operations and service established by Franchisor for the System (the “System Standards”);

**E.** Franchisee acknowledges the importance of the System Standards and the necessity of developing and operating the Franchised Businesses in strict conformity with this Agreement, the System Standards and the Flower Tent USA Operations Manual (the “Manual”);

**F.** Franchisor is willing to grant a Franchise to Franchisee; and

**G.** The restrictions and controls on Franchisee’s operations contained in this Agreement are intended solely to protect the rights to the Marks and to fulfill Franchisor’s obligation to other franchisees to maintain a high quality of services and products provided under the Marks.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration the sufficiency of which is hereby acknowledged, the parties agree as follows:

### 1. Grant of Franchise

**(a) Development Rights.** Subject to and in accordance with the terms of this Agreement, Franchisor hereby grants to Franchisee, and Franchisee accepts, a Franchise for the right to develop up to six (6) Franchised Businesses at Franchised Locations in the Development Territory during the Development Term. The Development Term begins on the date that this Agreement is signed by Franchisor and terminates on the date that the last Franchised Business must be opened pursuant to the

Development Schedule (described in Section 3 and in attached Exhibit A), unless terminated at an earlier date pursuant to Section 17.

**(b) Operational Rights.** Subject to and in accordance with the terms of this Agreement, Franchisor grants to Franchisee for the term of this Agreement, and Franchisee accepts, a Franchise for the right to operate each Franchised Business using the Marks and the Proprietary Information.

## **2. Acknowledgements**

**(a)** FRANCHISEE ACKNOWLEDGES THAT OTHER PRESENT OR FUTURE FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT(S), AND CONSEQUENTLY THAT FRANCHISOR'S OBLIGATIONS AND RIGHTS WITH RESPECT TO OTHER FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES.

## **3. Development of Franchised Businesses in the Development Territory**

**(a) Development Schedule.** Franchise shall develop each Franchised Business within the Development Territory pursuant to the Development Schedule set forth in Exhibit A. Franchisee must timely develop, open and continuously operate in the Development Territory the number of Franchised Businesses specified in the Development Schedule. For each Franchised Business, Franchisee must obtain Franchisor's written acceptance of the site by the applicable Site Acceptance Deadline and open the Franchised Business by the Opening Deadline, as set forth in the Development Schedule. Strict compliance with the deadlines set forth in the Development Schedule is essential to this Agreement. **Time is of the essence.**

**(b) Limited Exclusivity – Development Territory.** Except as reserved in Section 3.(e), Franchisor will not operate or license others to operate, businesses identified in whole or in part by the Marks in the Development Territory during Development Term without Franchisee's prior written consent. The limited exclusivity in the Development Territory during the Development Term is conditioned on Franchisee not being in default of the Development Schedule, this Agreement or any other agreements with Franchisor or its affiliates, and Franchisee being current on all monetary obligations owed to Franchisor and its affiliates. The restrictions contained in this Section 3.(b) do not apply to any Flower Tent Businesses that are in operation or under lease, construction or other commitment to open in the Development Territory as of the date of this Agreement.

**(c) Franchised Locations.** Franchisee shall operate each Franchised Business from each Franchised Location set forth on Exhibit B, which will be revised and signed by the parties after the selection of each location in accordance with Section 5. Franchisee shall not operate any other business and shall not engage in any other activity from any Franchised Location, either under Franchisee's trade name or under any other name, without the prior written consent of Franchisor, which consent if granted may be subject to various conditions for each respective approval, including, but not limited to, requirements designed to apprise the public that the products or services offered are not associated with or endorsed by Franchisor. Notwithstanding anything to the contrary contained in this Agreement, compatible businesses may be operated adjacent to, abutting, and/or adjoining each Franchised Location. Franchisor agrees that there may be open egress between each Franchised Business and the compatible businesses. Franchisor further agrees that the compatible businesses shall not constitute part of any Franchised Business nor shall Franchisor have any authority in connection with the compatible businesses. Any revenue derived from the compatible businesses shall not constitute Gross Sales (as defined in Section 6.(d)) of a Franchised Business.

**(d) Limited Exclusivity – Protected Territories.**

(1) Except as reserved in Section 3.(e), Franchisor will not with respect to any Franchised Business, during the term of this Agreement, operate, or license others to operate, businesses identified in whole or in part by the Marks in the geographic areas around each Franchised Location as described in Exhibit B with respect to each Franchised Business (each a “Protected Territory”) without Franchisee’s prior written consent. The factors that will be used to determine the scope of each of Franchisee’s Protected Territories will be (i) the type of area where each Franchised Business is located (e.g., rural, suburban, urban, etc.) and (ii) the size of the population that lives within a reasonable driving distance of each Franchised Location. In no event will a Protected Territory cover an area exceeding 12,500 households. The limited exclusivity is conditioned on Franchisee not being in material default of this Agreement or any other agreements with Franchisor or its affiliates and Franchisee being current on all monetary obligations owed to Franchisor and its affiliates.

(2) Franchisee has the exclusive right to advertise each Franchised Business and directly solicit customers only within the Protected Territory of that Franchised Business. Franchisee may not directly solicit customers for a Franchised Business outside of its Protected Territory or advertise that Franchised Business in media that will or may reach a significant number of persons outside of its Protected Territory unless: (a) Franchisee has entered into an agreement with a franchisee in a neighboring territory to cooperatively advertise their Flower Tent Business(es); (b) the advertisement covers multiple Franchised Businesses operated by Franchisee and only Franchised Businesses operated by Franchisee; or (c) Franchisee has obtained Franchisor’s prior written permission. Franchisor may establish rules and policies from time to time regarding advertising in media that extends beyond a territory. “Direct solicitation” includes, but is not limited to, solicitation in person, by telephone, by mail, by email, and by distribution of brochures, business cards or other materials. Franchisor may, in its sole discretion, grant permission to Franchisee to advertise and/or directly solicit customers in an open adjacent territory where no Flower Tent Businesses are operated, provided that should Franchisor sell that territory to a Flower Tent franchisee or designate that territory as a company-operated territory, Franchisee agrees to cease such marketing activities.

(3) Franchisee may not sell any products (i.e., retail items) associated with the Franchised Businesses or in connection with the Marks over the Internet. However, appointments for a Franchised Business may be placed over the Internet.

(4) The restrictions on Franchisor contained in this Section 3.(d) do not apply to any Flower Tent Businesses that are in operation or under lease, construction or other commitment to open in any Protected Territory assigned to a Franchised Business as of the date that Franchisor approves the Franchised Location for that Franchised Business.

**(e) Rights Reserved By Franchisor.** Notwithstanding the grant of limited exclusivity in Sections 3.(b) and 3(d) above, Franchisor reserves the right to:

(1) award national, regional or local licenses to third parties to sell products under the Marks in facilities primarily identified by the third party’s trademark;

(2) merchandise and distribute products identified by the Marks in the Development Territory and any Protected Territory through any method or channel of distribution other than through the operation of a business similar to a Flower Tent Business;

(3) solicit orders for and sell products and services through other channels of distribution, including the Internet, wholesale, mail order and catalog and Franchisor shall not be required to pay to Franchisee any compensation for soliciting or accepting such orders;

(4) during the term of this Agreement operate, and license others to operate, businesses identified in whole or in part by the Marks at any location outside of the Development Territory;

(5) after the expiration of the Development Term, operate, and license others to operate, businesses identified in whole or in part by the Marks at any location within the Development Territory that is outside of each Protected Territory;

(6) operate, and license others to operate, after this Agreement terminates or expires, businesses identified in whole or in part by the Marks at any location, including locations inside any Protected Territory;

(7) operate, and license others to operate, at any location, including locations inside any Protected Territory, during or after the term of this Agreement, any type of business other than a Flower Tent Business;

(8) develop and own other franchise systems for the same or similar products and services using trade names and trademarks other than the Marks; and

(9) purchase, be purchased by, merge or combine with, businesses that directly compete with Flower Tent Businesses.

#### **4. Training**

**(a) Initial Training Program.** This Section 4 shall not be applicable if Franchisee already operates a Flower Tent Business. Franchisor agrees to provide Franchisee and one (1) of Franchisee's employees, prior to the opening of Franchisee's first Franchised Business, training in its methods and business operations. Franchisor does not charge a tuition fee for Franchisee and one additional trainee to attend the training program, however, Franchisor reserves the right to charge a reasonable tuition fee for any additional personnel that Franchisee would like to send to the training program. Franchisee is responsible for the cost of travel, wages and living expenses for itself and its trainees. All such training shall be provided at Franchisor's or its affiliate's business location (or such other location as may be determined by Franchisor) and Franchisee shall be responsible for its employee's wages during any such training. Franchisee's attendance at the training program is mandatory. Training is limited to operation of a Flower Tent Business and shall, in no way, involve training in the skill of planting flowers. Franchisee is responsible for its own landscaping training and licensing or for hiring employees trained and licensed in planting flowers. Franchisor may assist the Franchisee in establishing prices and using administrative, bookkeeping, accounting, and inventory control procedures.

**(b) Consulting Services.** Franchisor will be available for telephone and email consultations with Franchisee with respect to all aspects of starting and operating each of the Franchised Businesses. Franchisee must schedule such consultations in advance by calling Franchisor at 1-877-356-9700 or e-mailing Franchisor at tom@flowertent.com. Franchisor, in its sole discretion, will provide to Franchisee, at no charge, up to two (2) on-site consultations, which may be conducted at Franchisee's principal place of business or at a Franchised Business. Franchisor may, in its sole discretion, and depending upon the geographic proximity between Franchisee and Franchisor and if Franchisor's time permits, provide on-

site consultation at Franchisee's request at Franchisor's then-current daily rate (currently \$195.00), plus travel, lodging and meal expenditures, at times agreed upon between Franchisee and Franchisor.

**(c) Ongoing training.** Franchisor may require Franchisee and/or other previously trained and experienced staff members to attend and complete satisfactorily various training courses that Franchisor periodically chooses to provide at the times and locations that Franchisor designates, as well as periodic conventions, regional meetings, and conferences that Franchisor specifies. Franchisor may require attendance for ongoing training at Franchisor's headquarters for any new employees of Franchisee, for any transferee under Section 15, for any person who fails to attend a convention, regional meeting or conference as required by Franchisor, and for certain of Franchisee's owners and employees if Franchisor determines that any Franchised Business is not operating in accordance with the System Standards. Franchisor may charge tuition, registration or similar fees (which, may include among other fees, the then-current training fee) for these courses and training programs.

## **5. Location Approval; Relocation**

**(a) Franchised Location Selection.** Franchisee is responsible for selecting the site for each Franchised Business and acquiring a lease for, or purchasing the property on which each Franchised Business will operate. Unless otherwise agreed to by Franchisor, each site must be least two thousand (2,000) square feet in area and have ten (10) parking spaces. Franchisee shall submit a list of possible sites to Franchisor for each Franchised Business along with additional information that Franchisee has regarding the sites that Franchisee has selected. Franchisor's representative may, but is not required to, make one visit to Franchisee's area to review the proposed sites for all of the Franchised Businesses at no charge to Franchisee. If Franchisor's representative makes any additional visits to Franchisee's area, Franchisee must pay all travel costs and other expenses incurred by Franchisor's representative. Franchisor will use reasonable efforts to accept or reject a proposed site within five (5) days after Franchisee submits its site package. If Franchisor does not accept a proposed site in writing in this time period, Franchisor will be deemed to have rejected the site. Franchisor's approval or rejection of a site may be subject to reasonable conditions as Franchisor determines in its sole discretion. Upon Franchisor's acceptance of a site, and after Franchisee secures a leasehold interest or ownership interest in the site, Franchisor will insert its address into Exhibit B and it will be a "Franchised Location". Although Franchisor will accept the Franchised Location for each Franchised Business, this acceptance does not in any way guarantee the success of the Franchised Business. Franchisee must obtain Franchisor's written acceptance of each Franchised Location before Franchisee makes any binding commitments related to the Franchised Location. If Franchisee does not obtain Franchisor's acceptance of a Franchised Location and open at least one Franchised Business within one (1) year after signing this Agreement, Franchisor may terminate this Agreement. If, within one (1) year after signing this Agreement, Franchisee has obtained Franchisor's acceptance of the Franchised Location for and opened one (1) (or more) Franchised Business(es) but Franchisee has not obtained Franchisor's acceptance of the Franchised Location for and opened any other Franchised Business listed on Exhibit B, then Franchisor may terminate the Franchise for the Franchised Business(es) that Franchisee failed to open and they will be deleted from Exhibit B.

**(b) Lease.** If Franchisee proposes to lease or sublease a Franchised Location, Franchisee must provide Franchisor with a copy of the fully-executed lease or sublease for the Franchised Location within thirty (30) days after Franchisor accepts the site for the Franchised Business. Franchisor has the right to review the terms of the lease for each Franchised Location prior to Franchisee's execution of the Lease. The lease for each Franchised Location must: (i) in form and substance, be satisfactory to Franchisor; (ii) contain terms and conditions and payments that are commercially reasonable in Franchisor's opinion; and (iii) include any provisions that Franchisor may require from time to time. The lease must not contain any covenants or other obligations that would prevent Franchisee from performing its obligations under this Agreement. Franchisee acknowledges that Franchisor's review of each lease is

not a guarantee or warranty, express or implied, of the success or profitability of a Flower Tent Business operated at a Franchised Location. Franchisor's review will indicate only whether Franchisor believes that the terms of the lease meet its then-acceptable criteria.

**(c) Relocation.** Any relocation of a Franchised Business will be subject to Franchisor's approval, which may be granted or withheld, in Franchisor's sole discretion. The new location must be within the designated Protected Territory set forth in Exhibit B for that Franchised Business. Franchisor does not charge a relocation fee if Franchisee requests permission to relocate a Franchised Business within the Protected Territory assigned to that Franchised Business. However, if Franchisee requests permission to relocate a Franchised Business outside its Protected Territory, Franchisee must pay a \$500 relocation fee plus Franchisor's reasonable expenses (not to exceed \$3,000), payable upon Franchisor's approval of the request to relocate the Franchised Business. The parties will revise and sign Exhibit B to identify the new Franchised Location and Protected Territory for the relocated Franchised Business. The relocated Franchised Business will be subject to the terms and conditions of this Agreement.

## **6. Fees**

**(a) Initial Franchise Fee.** Franchisee must pay to Franchisor an initial franchise fee in the amount set forth on Exhibit A (the "Initial Franchise Fee"). The Initial Franchise Fee must be paid in cash or by cashiers or certified check upon the execution of this Agreement by Franchisor and Franchisee. The Initial Franchise Fee is fully earned by Franchisor when paid, is not refundable for any reason and is not credited against any other fees paid to Franchisor.

**(b) Royalties.** Franchisee must pay to Franchisor royalties ("Royalties") in the amount of six percent (6%) of the Gross Sales (as defined in Section 6.(d)) earned by each Franchised Business .

**(c) Advertising Fees.** Franchisee must contribute as Advertising Fees two percent (2%) of the Gross Sales of each Franchised Business to the Flower Tent Advertising Fund (as described in Section 10.(a)) at the same time and in the same manner as the Royalties. Franchisee also must spend one percent (1%) of the annual Gross Sales of each Franchised Business on local advertising as described in Section 10.(b).

**(d) Gross Sales.** For purposes of this Agreement, "Gross Sales" shall mean the sales from all services and products sold and any other fees collected by Franchisee at each Franchised Business, whether sold on-site or off-site. Gross Sales will exclude all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority and will be reduced by the amount of any documented refunds, credits, allowances, and charge-backs provided to customers in good faith.

**(e) POS Support Fees.** To maintain and support the point of sale system, Franchisee must pay a POS Support Fee to Franchisor in the amount of \$300 per year for each Franchised Business with one third of this fee being due with each Royalty payment made on the Friday immediately following Easter, the Friday immediately following Mother's Day and the Friday immediately following Memorial Day. Franchisor will withdraw those amounts from Franchisee's pre-authorized account on those dates.

**(f) Payment of Fees.** Royalties and Advertising Fees will be withdrawn from Franchisee's pre-authorized account on the following days ("Due Dates") of each calendar year: the Friday immediately following Easter, the Friday immediately following Mother's Day, the Friday immediately following Memorial Day, July 15<sup>th</sup> (for end of Spring sales), and the second Friday in November (for Fall sales). Royalties that are not paid on the Due Date will bear a late fee in the amount of \$50 for each week

that a payment is late and interest at the rate of one and one half percent (1.5%) (or, if less, the highest amount permitted by law) per month.

**(g) Late Fees and Interest.** If any Royalties, Advertising Fees, or any other amounts owed to Franchisor are not paid in full by the due date, Franchisor has the right to charge interest on the overdue amount at the rate of one and one half percent (1.5%) per month (or the maximum rate permitted by applicable law, if less than one and one half percent (1.5%) from the date the amount was due until paid in full. Unpaid interest charges will compound annually. In addition, Franchisor will have the right to charge a late fee of Fifty Dollars (\$50) every week for a payment that is more than seven (7) days past due. The late fee is to compensate Franchisor for its administrative costs incurred in enforcing Franchisee's obligation to pay Franchisor.

**(h) Method of Payment.** Franchisee must comply with Franchisor's payment policies, procedures, and requirements, as described in the Manual or otherwise in writing. If Franchisor or its affiliates supply products to Franchisee, they may require pre-payment or C.O.D. depending on their then-current policies and Franchisee's payment record. Franchisee must participate in Franchisor's then-current electronic funds transfer program, which authorizes Franchisor to use a pre-authorized bank draft system. Franchisee must furnish to Franchisor and Franchisee's bank all authorizations necessary to effect payment by the methods specified by Franchisor. Franchisor reserves the right to modify, at Franchisor's option, the method by which Franchisee must pay the Royalties, Advertising Fees and other amounts owed under this agreement upon receipt of written notice from Franchisor. Franchisee may not, under any circumstances, set off, deduct or otherwise withhold any Royalties, Advertising Fees, or any other monies payable under this Agreement on grounds of Franchisor's alleged non-performance of any obligations. No payment by Franchisee or acceptance by Franchisor of any monies under this agreement for a lesser amount than due will be treated as anything other than a partial payment on account. Regardless of any designation by Franchisee, Franchisor may apply Franchisee's payments to Franchisee's outstanding obligations in any order that Franchisor chooses.

**(i) Taxes.** Franchisee must report and pay when due all local, state, and federal taxes levied or assessed on Franchisee or any Franchised Business. If any taxes are imposed on Franchisor by reason of its acting as a franchisor or licensing the Marks under this agreement, then Franchisee must reimburse Franchisor the amount of those taxes within thirty (30) days after receipt of an invoice from Franchisor.

**(j) Collection costs and expenses.** Franchisee must pay to Franchisor on demand any and all collection costs and expenses (including, without limitation, costs and commissions due a collection agency, reasonable attorneys' fees, court costs, expert witness fees, discovery costs and reasonable attorneys' fees and costs on appeal, together with interest charges on all of the foregoing) incurred by Franchisor in enforcing the terms of this Agreement, including, without limitation, in collecting any monies owed by Franchisee to Franchisor.

## **7. Reporting; Audit Rights**

**(a) Reports.** Franchisee must submit reports of Gross Sales to Franchisor and such other periodic reports as Franchisor may require in the Manual, in the form and manner designated by Franchisor. At a minimum, the Gross Sales reports will include the Gross Sales of each Franchised Business, details of revenues generated from all aspects of each Franchised Business (e.g., revenue generated from flower sales, seed sales, etc.) and expenditures for advertising related to each Franchised Business.

**(b) Audit Rights.** Franchisor may inspect, or cause its agents or representatives to inspect or audit, at any time, Franchisee's books and records with respect to the Franchised Businesses, including

Franchisee's federal and state tax returns, sales tax returns, customer records and financial accounts. Franchisee must maintain Franchisee's books and records with respect to the Franchised Businesses at Franchisee's principal business address or such other place as is approved in writing by Franchisor. If Franchisee's books and records with respect to any Franchised Business are maintained at a place other than Franchisee's principal business address, at the request of Franchisor, or its agents or representatives, Franchisee must, by 4:00 P.M. (local time) on the day upon which such request is made, (i) deliver its books and records (and/or accurate and complete copies thereof, at Franchisor's option) to Franchisor, or its agents or representatives, at Franchisee's principal place of business or (ii) provide Franchisor, or its agents or representatives, access to Franchisee's books and records (and/or accurate and complete copies thereof, at Franchisor's option) at the place at which they are maintained.

## **8. Manual**

Franchisor will loan to Franchisee during the term of this Agreement a hard cover copy and/or a CD or other electronic copy of the Manual. The Manual contains the System Standards, which include mandatory and suggested specifications, standards, operating procedures, reporting requirements and rules that Franchisor periodically prescribes for operating a Flower Tent Business and information on Franchisee's other obligations under this Agreement. Franchisee must operate each Franchised Business at all times in strict conformity with the Manual. Franchisee must use the forms and reports contained in the Manual for conducting business and reporting to Franchisor. Franchisor has the right to amend and supplement the Manual periodically. Franchisee must comply with each new or changed standard promptly. Franchisee agrees that the contents of the Manual are confidential and that Franchisee will not disclose the Manual to any person other than employees of a Franchised Business who need to know its contents. Franchisee may not at any time copy, duplicate, record, or otherwise reproduce any part of the Manual. Any passwords or other digital identifications necessary to access the Manual on the website, intranet or extranet will be deemed to be part of the Proprietary Information as defined in Section 11.

## **9. Operation of the Franchised Businesses**

**(a) System Standards.** To ensure that the highest degree of quality and service is maintained at all Flower Tent Businesses, Franchisee must operate each Franchised Business strictly in accordance with the System Standards as may from time to time be issued by Franchisor for the operation of a Flower Tent Business as Franchisor may, in its sole discretion, deem appropriate. Franchisor discloses the operating system parameters to Franchisee in the Manual and otherwise in writing. Franchisor may periodically modify and supplement the System and Franchisor will notify Franchisee of these modifications and supplements in the Manual or other written communications. Franchisee must use all commercially reasonable means to enhance, to the satisfaction of Franchisor, the goodwill associated with the Marks. In connection therewith, Franchisee must not disparage to any person Franchisor, its employees and representatives, its products or the Marks.

**(b) Authorized Products and Services.** Franchisee may offer and sell at the premises of each Franchised Business services and products offered, sold and/or introduced by Franchisor, consistent with Franchisor's comprehensive standards and requirements. In addition, Franchisee must incorporate into each Franchised Business all new services and products as may be required by Franchisor and cease selling any services and products that are no longer authorized. Franchisee must participate in all local, regional and promotional programs and campaigns adopted by Franchisor. Franchisee must not offer or sell any products or services at or from the premises of any Franchised Business, or conduct any other business at or from the premises of any Franchised Business, unless Franchisor specifically approves the offering and sale of those services and products, which approval may be withheld by Franchisor, in its sole discretion. In addition, Franchisee may not offer or sell any products or services specified by



Franchisor in any configuration, form or manner (including items for resale) other than that specifically approved by Franchisor.

**(c) Approved Suppliers.** In order to maintain the high standards of product quality and product consistency associated with the Marks, and the uniformity of the System, Franchisee must purchase all inventory, equipment, supplies, signage, décor, fixtures, and other items for each Franchised Business from Franchisor or vendors and suppliers on Franchisor's list of approved vendors and suppliers (as it may exist from time to time), which Franchisor will provide to Franchisee for use by Franchisee in accordance with the terms of this Agreement. In the event that Franchisor supplies Franchisee with any such items directly, Franchisee will be billed by and pay Franchisor. All bills to Franchisor are due within thirty (30) days of invoice. Other items may be purchased directly from Franchisor's vendors and suppliers. Franchisor's vendors and suppliers will then ship the items to Franchisee. Franchisee will be billed by and will pay the vendor or supplier directly under the terms required by that particular vendor or supplier. Franchisor may receive rebates, commissions or other payments from suppliers based on purchases from franchisees, and Franchisor will contribute such payments to the Advertising Fund.

**(d) New Products and Suppliers.** Franchisee may request authorization from Franchisor to sell products not currently offered by Franchisor or to purchase products from a supplier not previously approved by Franchisor. To do so, Franchisee must provide a written request to Franchisor for authorization to sell such products and add the vendor or supplier of such product(s) to Franchisor's list of approved vendors/suppliers. Franchisor may require Franchisee to submit samples or specifications for examination or testing, at Franchisee's expense, to determine if the supplies or products meet Franchisor's specifications in such areas as weight, size, shape, delivery, performance, consistency, warranties, design, appearance, supplier and price. Based on the information and samples supplied, Franchisor will test the items supplied and review the proposed suppliers' financial records, business reputation, delivery performance, credit rating and other information. Franchisor will advise Franchisee of its approval or denial of approval within seven (7) days after receipt of all applicable information.

**(e) Maintenance of each Franchised Business.** Franchisee must cause each Franchised Business to be clean, orderly and in good condition in accordance with the standards that Franchisor may adopt from time to time. After initial construction and opening, any variations in color, design, style or appearance must be approved in writing by Franchisor. In the event that a Franchised Business is damaged by fire or other casualty, Franchisee will promptly repair (if possible) any such damage. If the damage or repairs requires closing of a Franchised Business, Franchisee will: (i) immediately notify Franchisor; (ii) commence reconstruction immediately upon receipt of any insurance proceeds from any insurance policy covering such damage or as soon as physically possible if no insurance proceeds are available; (iii) complete reconstruction in a prompt and expeditious manner; (iv) reopen the Franchised Business for continuous operations as soon as practicable; and (v) give Franchisor ample advance notice of the proposed date of reopening.

**(f) Supervision of each Franchised Business.** Each Franchised Business must be: (i) personally supervised by Franchisee; or (ii) directly supervised "on-premises" by a full-time employee who has satisfactorily completed Franchisor's Training Program, unless Franchisor has waived that requirement.

**(g) Hours of Operation.** Franchisee may keep each Franchised Business open to the public the hours it decides in its own discretion. Franchisor recommends that each Franchised Business remain open: (i) seven (7) days each week during the Selling Season; and (ii) from 9:00 a.m. until dusk. The term "Selling Season" means an approximately eight (8) week period beginning ten (10) days prior to Easter and ending on June 30<sup>th</sup>.

**(h) Inspections.** In order to ensure compliance with this Agreement and to enable Franchisor to carry out its obligations under this Agreement, Franchisee agrees that Franchisor and its designated agents shall be permitted, with or without notice, full and complete access during business hours to inspect each Franchised Business and all records thereof including, but not limited to, records relating to Franchisee's customers, suppliers, employees and agents. Franchisee shall cooperate fully with Franchisor and its designated agents requiring such access.

**(i) Franchisor's Communications with Employees, Customers and Suppliers.** In order to promote and protect the reputation of Franchisor and Franchisor's other franchisees and to maintain satisfactory public confidence, Franchisor or its representatives or agents may meet and communicate with, and solicit information from, Franchisee's past and present employees, customers and suppliers to confirm the quality and the adequacy of the services and products provided by Franchisee, verify compliance with the terms of this Agreement, to confirm whether Franchisee is performing its obligations to those employees, vendors and customers and for any other purpose related to this Agreement and the relationship between the parties, and Franchisee shall assist and cooperate with Franchisor and its representatives in that regard.

**(j) Suggested Schedule of Prices.** As a service to Franchisee and other franchisees of Franchisor, Franchisor may, but is not obligated to, utilize its experience and the data obtained from all of its franchisees to establish and maintain a suggested schedule of prices for services and products of the Franchised Business. However, Franchisor may not attempt to establish or enforce any required schedule of prices for services and products of a Franchised Business and Franchisee shall set the prices for services and products of each Franchised Business.

**(k) Licenses and Permits; Compliance with Laws.** Franchisee must obtain and maintain all licenses and permits required to be held by Franchisee in connection with the conduct of each Franchised Business and must comply with all applicable federal, state and local laws, regulations and ordinances in connection with the conduct of each Franchised Business.

**(l) Payment of Obligations.** Franchisee must pay when due all debts and obligations incurred by Franchisee in connection with the conduct of each Franchised Business, including all applicable tax liabilities.

**(m) Insurance**

**(1)** Franchisee, at its sole expense, shall obtain and maintain during the term of this Agreement, comprehensive general liability insurance policies that cover each Franchised Business with each policy having a minimum limit of liability of one million dollars (\$1,000,000) for each Franchised Business and workers compensation insurance. Each general liability insurance policy must name Franchisor as an additional insured. Within five (5) days after the execution of this Agreement and as may otherwise be requested by Franchisor, Franchisee shall provide Franchisor with Certificates of Insurance naming Franchisor as an additional insured on each general liability policy. Franchisee may, at its sole expense, elect to obtain an excess umbrella insurance policy for each Franchised Business having a minimum limit of liability of one million dollars (\$1,000,000), seventy-five thousand dollars (\$75,000) of property insurance for the contents of each Franchised Business, business interruption insurance in the amount of at least fifty thousand dollars (\$50,000), and any other policies required by law (including, without limitation, workers compensation insurance) from insurance companies reasonably satisfactory to Franchisor. Each business interruption insurance policy must name Franchisor as an additional insured. The insurance policies must be in a form that is acceptable to Franchisor and may not be subject to cancellation or any material change except after thirty (30) days' prior written notice to Franchisor. The insurance policies must provide that no failure of Franchisee to comply with any term, condition or

provision of the contract, or other conduct by Franchisee, will void or otherwise affect the protection afforded to Franchisor under the policies. If Franchisee elects to obtain business interruption insurance, Franchisee shall, within five (5) days after the execution of this Agreement and as may otherwise be requested by Franchisor, provide Franchisor with a Certificate of Insurance naming Franchisor as an additional insured on the business interruption policy. The insurance requirements of this Agreement will not limit or otherwise effect Franchisee's obligations to indemnify Franchisor pursuant to Section 13 of this Agreement.

**(2)** If Franchisee sustains a loss with respect to a Franchised Business by reason of fire, flood or other casualty of a type typically covered by insurance, and such casualty is caused wholly or partially by Franchisor's acts or omissions, Franchisee must look solely to the proceeds of Franchisee's insurance policy for reimbursement of the loss, and neither Franchisee nor any insurance carrier may recover damages against Franchisor by way of direct action, subrogation, assignment of claims or otherwise. Franchisee waives all such rights of recovery by Franchisee, any insurance carrier or other person, and agrees to notify each insurance carrier of this provision.

**(3)** If Franchisee fails to pay any premium when due or any policy is in default, Franchisor may, in its sole discretion, but is in no way obligated to, pay any premium and/or take any action necessary to cure the default. In this event, Franchisee must immediately pay to Franchisor the amount so paid by Franchisor or the amount expended by Franchisor to cure such default, plus interest at the rate of one and one half percent (1.5%) per month (or, if less, the highest amount permitted by law) from the date paid or expended by Franchisor.

**(n) Attendance at System Meetings.** Franchisee must attend, at Franchisee's expense, all annual and other meetings and conference calls of franchisees that Franchisor determines are mandatory for all franchisees, or groups of franchisees (as designated by Franchisor), such as franchisees within a particular geographic region.

**(o) Information Systems**

**(1)** Franchisee must purchase and install for use with each Franchised Business, at Franchisee's own expense, a computerized point of sale system (with software approved by Franchisor), personal computer, and other computer equipment, communications devices, and software systems designated by Franchisor. Franchisee shall use only systems approved by Franchisor and will purchase the systems only from approved suppliers, which approval may be arbitrarily withheld. The point-of-sale system shall be designed to record sales, product usage and labor tracking and to produce periodic reports for use by Franchisee and Franchisor. Franchisee must maintain an electronic connection between Franchisee's systems and Franchisor's systems; must use the systems in accordance with all policies and operational procedures Franchisor issues from time to time; must transmit data to Franchisor at the times Franchisor specifies; must give Franchisor independent access to Franchisee's systems and provide Franchisor with any user names and passwords necessary for that purpose; must maintain Franchisee's systems in good working order at all times; must promptly install upgrades, additions, changes, modifications, substitutions and/or replacements of hardware, software, data connectivity, electrical power, and other computer-related facilities, as Franchisor directs; and must ensure that Franchisee's employees are adequately trained in the use of such systems and Franchisor's related policies and procedures. Franchisee must bear all costs of installation, operation, maintenance and upgrade of Franchisee's systems.

**(2)** Franchisee shall pay all fees and expenses to connect each Franchised Business with its point of sale system and any periodic fees to maintain each point of sale system. As of the date of this Agreement, Franchisee must pay \$100 per operating month for each Franchised Business to

Franchisor to license the inventory management software point of sale system, which payment Franchisor shall forward to the supplier of the system. To maintain and support the point of sale system, Franchisee must pay the POS Support Fee described in Section 6.(e). Franchisor reserves the right to increase any point of sale system fees at any time effective on thirty (30) days advance written notice to Franchisee.

**(3)** Franchisee must maintain an e-mail address for purposes of communicating with Franchisor and other persons. Franchisee must inform Franchisor of Franchisee's e-mail address promptly upon the execution of this Agreement and whenever Franchisee's e-mail address is changed. Franchisee must check and respond to Franchisee's e-mail on a daily basis (except for weekends); provided, however, that the timeliness of Franchisee's e-mail review and responses must be consistent with reasonable business practices and must not cause Franchisor or other franchisees to be unable to communicate with Franchisee in a timely manner.

**(p) Electronic Payment Systems.** Franchisee agrees to comply with Franchisor's standards for processing electronic payments and any costs to do so are at Franchisee's expense. Franchisee further agrees to abide by: (i) the Payment Card Industry Data Security Standards ("PCIDSS") enacted by the applicable Card Associations (as they may be modified from time to time or as successor standards are adopted); (ii) the Fair and Accurate Credit Transactions Act ("FACTA"); and (iii) all other standards, laws, rules, regulations or any equivalent thereof applicable to electronic payments that may be published from time to time by payment card companies and applicable to electronic payments ("Electronic Payment Requirements"). If required by Franchisor or by one of the credit card companies, Franchisee shall provide Franchisor with evidence of compliance with PCIDSS, FACTA, or applicable Electronic Payment Requirements and provide, or make available, to Franchisor copies of an audit, scanning results or related documentation relating to such compliance. Any costs associated with an audit or to gain compliance with PCIDSS, FACTA or any Electronic Payment Requirements shall be borne by Franchisee. If Franchisee has knowledge of or suspects a security breach, Franchisee must immediately notify Franchisor. Franchisee shall promptly identify and remediate the source of any compromise. Franchisee assumes all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of each Franchised Business.

**(q) Customer Data.** Franchisee agrees that all data that Franchisee collects from customers and potential customers in connection with each Franchised Business ("Customer Data") is deemed to be owned exclusively by Franchisor, and Franchisee also agrees to provide the Customer Data to Franchisor at any time at Franchisor's request. Franchisee has the right to use Customer Data while this Agreement or a renewal franchise agreement is in effect, but only in connection with operating the Franchised Businesses identified in Exhibit B and only in accordance with the policies that Franchisor establishes from time to time. Franchisee may not sell, transfer, or use Customer Data for any purpose other than operating each Franchised Business and marketing "Flower Tent" products and services. However, if Franchisee transfers a Franchised Business (as provided in Section 15 below), as part of the transfer, Franchisee may transfer use of the Customer Data associated with that Franchised Business to the buyer for value. Franchisee agrees to abide by all applicable laws pertaining to the privacy of customer, employee, and transactional information ("Privacy Laws") and all standards and policies implemented by Franchisor pertaining to Privacy Laws.

**(r) Operation of a Franchised Business by Franchisor.** If Franchisee abandons or otherwise fails to operate a Franchised Business in accordance with the terms of the Agreement, or any applicable, rule, law, ordinance or regulation, Franchisor may elect to operate the Franchised Business for a reasonable period on Franchisee's behalf, for a reasonable fee to be determined by Franchisor from time to time.

## **10. Advertising**

### **(a) Advertising Fund**

(1) Franchisor has established and maintains an Advertising Fund for the benefit of the System. Franchisee must contribute to the Advertising Fund for each Franchised Business as provided in Section 6.(c). Franchisor may use the Advertising Fees and any earnings of the Advertising Fund for any costs associated with advertising, marketing, public relations, promotional programs and materials (which may be national or regional in scope) and/or any other activities that Franchisor believes would benefit the System, including the following: advertising campaigns in various media; point-of-purchase materials; review of locally-produced ads; door hangers; free standing inserts; brochures; purchasing and/or developing promotional materials; market research, including secret shoppers; sponsorships; design and maintenance of a web site; celebrity endorsements; trade shows; association dues; search engine optimization costs; establishment of third party facility for customizing local advertising; accounting costs; and holding an annual franchisee convention. Franchisor will not use the Advertising Fund for anything whose sole purpose is the marketing of franchises, however, Franchisee acknowledges that the Flower Tent web site, public relations activities, community involvement activities and other activities supported by the Advertising Fund may contain information about franchising opportunities. Franchisor has the right to direct all programs supported by the Advertising Fund, with final discretion over creative concepts, the materials and media used in the programs and their placement. Franchisor does not guarantee that Franchisee will benefit from the Advertising Fund in proportion to Franchisee's contributions to the Advertising Fund. Flower Tent Businesses operated by Franchisor and its affiliates will contribute to the Advertising Fund on the same basis as comparable franchisees.

(2) Franchisor will deposit all contributions to the Advertising Fund in an account separate from its other funds and will not use them to defray any of Franchisor's general operating expenses, except for reasonable administrative costs and overhead that Franchisor incurs in activities reasonably related to the administration of the Advertising Fund or the management of Advertising Fund-supported programs (including salaries of Franchisor's personnel who devote time to Advertising Fund activities). Any contributions to the Advertising Fund that are not spent in Franchisor's fiscal year will carry over to the next fiscal year.

(3) Franchisor will prepare an unaudited statement of contributions and expenditures for the Advertising Fund within sixty (60) days after the close of Franchisor's fiscal year and provide it to franchisees who make a written request for a copy. Franchisor will have the right at any time to dissolve the Advertising Fund. If Franchisor dissolves the Advertising Fund, Franchisor will either expend all monies in the Advertising Fund or rebate contributions on a pro-rata basis.

**(b) Local Advertising.** Franchisee is required to spend one percent (1%) of the annual Gross Sales of each Franchised Business on local advertising for that Franchised Business. All such advertisements shall comply with any standards established by Franchisor and shall be subject to prepublication review and written approval by Franchisor with respect to, but not limited to, context, style, appearance, composition, timing and media. All advertisements must be submitted to Franchisor via mail, e-mail or facsimile. Franchisor will inform Franchisee within three (3) business days of receipt of any advertisement, whether any such advertisement is acceptable to Franchisor, in Franchisor's sole discretion. Franchisee does not have to seek such approval to reuse the same exact advertisement previously approved by Franchisor provided that such advertisement is: (i) reused in the same medium; and (ii) published within one (1) year from the date of Franchisor's original approval. Franchisor will provide Franchisee a list of pre-designed advertising pieces, such as newspaper ads, coupons and postcards. Use of pre-designed advertising is subject to prepublication review and written approval by

Franchisor with respect to context, timing and media. Franchisee must pay all printing costs involved in the creation of advertisements even if Franchisee uses pre-designed advertising supplied by Franchisor.

**(c) Regional Advertising.** Franchisor reserves the right to establish regional advertising funds or cooperatives. If Franchisor establishes a regional advertising fund or cooperative in the geographical area that includes a Franchised Location, Franchisee will be required to contribute a portion of the Advertising Fee and/or its required local advertising expenditure with respect to that Franchised Business to the regional advertising fund or cooperative. Flower Tent Businesses operated by Franchisor or its affiliates in an area covered by a regional advertising fund or cooperative will contribute to the regional advertising fund or cooperative on the same basis as comparable franchisees. If Franchisor establishes a regional cooperative, monies in the cooperative may be spent for the purposes determined by majority vote of the cooperative on the basis of one vote for each Flower Tent Business in the cooperative. If the members of the cooperative are unable or fail to determine how to spend cooperative monies, Franchisor may assume this decision-making authority following 10 days' advance written notice to the cooperative members.

**(d) Use of Franchisee's Name, Likeness and Voice.** Franchisor will be entitled to use the name, likeness and voice of Franchisee and its Principals (as defined below) and employees for purposes of promoting the System, Franchisor and its products, including all photos and audio and video recordings of such persons, and Franchisee hereby irrevocably consents thereto. At Franchisor's request, Franchisee will obtain from any or all Principals and employees, written consent, in such form as Franchisor may request, to comply with the obligations set forth herein.

## **11. Marks; Proprietary Information**

**(a)** For purposes of this Agreement, the term "Marks" means the "FLOWER TENT" mark and the names, marks, logos, insignias, slogans, emblems, symbols and designs and/or copyrights owned by Franchisor or used in connection with Flower Tent Businesses and the trade dress used in connection with each Franchised Business.

**(b)** Use of any Mark must be accompanied by the registration, service mark, trademark or other symbol, as designated by Franchisor, in close proximity to the Mark. Any reproduction of any items suitable for copyright protection by Franchisor must bear a copyright notice in the form designated by Franchisor. All advertising and promotional materials generated by or for Franchisee will be subject to Franchisor's prior approval and will be completely factual. Franchisee must utilize all commercially reasonable means to refrain from any business or advertising practice that may be injurious to the business of Franchisor, the goodwill associated with the Marks or Flower Tent Businesses.

**(c)** Franchisee will not have the exclusive right to use the Marks or the Proprietary Information. Franchisee may not offer or grant any sublicense or other rights to use the Marks or the Proprietary Information to any person or entity. Franchisee acknowledges and agrees that Franchisor maintains and reserves all rights to the Marks and the Proprietary Information except as expressly set forth in this Agreement. Franchisee further acknowledges and agrees that Franchisee's right to use the Marks and the Proprietary Information is derived solely from this Agreement and that Franchisee will not derive any right, title or interest in the Marks or the Proprietary Information other than a license to use the Marks and the Proprietary Information in connection with the operation of the Franchised Businesses during the term of this Agreement. Upon expiration or termination of this Agreement, Franchisee may not, directly or indirectly, use the Marks or the Proprietary Information in any manner or for any purpose whatsoever. Franchisee agrees that Franchisee will not in any way infringe upon, harm or contest the rights of Franchisor or any other person or other entity to use of the Marks and the Proprietary Information. Franchisee further acknowledges that Franchisee's use of the Marks pursuant to this

Agreement will inure to the benefit of Franchisor and that any goodwill arising from Franchisee's use will automatically vest in Franchisor.

(d) Franchisee may not include the name "FLOWER TENT" in Franchisee's corporate, partnership, limited liability company or other entity name. However, Franchisee may, subject to Franchisor's approval as discussed above, include the Marks in certain advertising or marketing materials for distribution. Franchisee must use the Marks and the Proprietary Information only in the manner prescribed by Franchisor and in no other manner.

(e) Franchisee must immediately notify Franchisor of any conduct that could constitute infringement of or challenge to the Marks or the Proprietary Information. Franchisor may, in its sole discretion, decide whether to institute any action in connection with infringement of or challenge to the Marks or the Proprietary Information, and will control all proceedings and litigation. Franchisee acknowledges and agrees that Franchisor has the right, but not the obligation, to initiate, direct and control any litigation or administrative proceeding relating to the Marks or the Proprietary Information, including, but not limited to, any settlement. Franchisee agrees to sign all documents and, render any other assistance Franchisor may deem necessary to the defense or prosecution of any such proceeding.

(f) Franchisor will reimburse Franchisee for all damages and expenses that Franchisee incurs in any proceeding disputing Franchisee's authorized use of any Mark under this Agreement if Franchisee has timely notified Franchisor of, and complies with Franchisor's directions in responding to, the proceeding, and Franchisee has used the Marks in compliance with this Agreement, the Manual, and any other directives from us. At Franchisor's option, Franchisor may defend and control the defense of any proceeding arising from Franchisee's use of any Mark under this Agreement.

(g) Notwithstanding anything contained in this Agreement to the contrary, if it becomes advisable at any time, in Franchisor's sole discretion, to modify or discontinue use of any Marks or any Proprietary Information, or use one or more additional or substitute Marks and/or other information and/or rights, Franchisee must, at Franchisee's expense, comply within a reasonable time after notice thereof by Franchisor.

(h) Upon any breach by Franchisee of any of the terms of this Section 11, Franchisor may institute and prosecute proceedings, at law or in equity, in any court of competent jurisdiction, to obtain an injunction to enforce the provisions of this Agreement and to pursue any other remedy to which Franchisor may be entitled. Franchisee agrees that the rights conveyed by this Agreement are of a unique and special nature and that Franchisor's remedy at law for any breach would be inadequate and agrees and consents that temporary or permanent injunctive relief may be granted in any proceeding which may be brought to enforce any provision of this Section 11, without the necessity of posting bond therefor or proof of actual damages.

## **12. Guaranty of Franchisee's Obligations**

If Franchisee is an entity other than an individual (for example, a corporation, partnership, limited liability company or other entity), Franchisee must deliver to Franchisor, simultaneously with the execution of this Agreement, a guaranty executed by each person (and his/her spouse) or entity owning, directly or indirectly, a five percent (5%) or greater equity interest in Franchisee (the "Principals"), in the form of Exhibit C to this Agreement, pursuant to which the Principals agree to perform, and guaranty, Franchisee's monetary obligations to Franchisor, and agree to be bound by the confidentiality provisions and restrictive covenants contained in this Agreement.

### **13. Indemnification**

Franchisee must protect, defend, indemnify and hold harmless Franchisor and its affiliates and their respective officers, directors, employees, shareholders, agents, successors and assigns (collectively, the “Indemnified Parties”) from and against any and all damages, claims, demands, liabilities, losses, costs and expenses (including reasonable attorneys’ fees), of every kind and nature, suffered or incurred by any of the Indemnified Parties in connection with any lawsuit, action, proceeding or claim based upon, arising out of or in any way related to the operation or condition of each Franchised Business, Franchisee’s ownership or possession of the real and personal property used in connection with each Franchised Business, or any actions or omissions of Franchisee, or its agents, contractors or employees.

### **14. Confidentiality; Covenant Not to Compete**

**(a) Confidentiality.** Franchisee acknowledges that Franchisor and its affiliates are engaged in a highly competitive business, the success of which is dependent upon, among other things, confidential and proprietary information. Franchisee further acknowledges that Franchisor’s and its affiliate’s method of operation, processes, techniques and procedures and the other Proprietary Information constitute valuable trade secrets.

**(1)** Franchisee and its Principals agree not to use for any purpose, or disclose or reveal (and must cause all of Franchisee’s directors, officers and employees not to use for any purpose, or disclose or reveal), during the term of this Agreement or thereafter, to any person any Proprietary Information or any other information relating to the operation of a Flower Tent Business. Franchisee must fully and strictly comply with all security measures prescribed by Franchisor for maintaining the confidentiality of all information designated by Franchisor as trade secrets.

**(2)** Franchisee acknowledges that a breach its obligations under this Section 14(a) would cause damage to Franchisor, its affiliates and to Franchisor’s other franchisees, and that Franchisee would be liable for this damage.

**(3)** Notwithstanding the foregoing, Franchisee may disclose Proprietary Information to a person who is bound by the terms of this provision regarding confidentiality and a restrictive covenant in connection with that person’s capacity with Franchisee contemplated by Section 14(b), to the extent that that disclosure is necessary in connection with that person’s capacity with Franchisee. In addition, notwithstanding the foregoing, Franchisee may use the Proprietary Information as may be necessary in connection with the operation of a Franchised Business.

**(4)** Notwithstanding the foregoing, the following will not be subject to the provision of this Section 14(a): (a) information which is in the public domain as of the date of receipt by Franchisee; (b) information that is known to Franchisee prior to the date of receipt of by Franchisee; (c) information that becomes known to the public without a breach of the provisions of this Section 14 or any agreement executed in connection with this Agreement; and (d) information that is required by law to be disclosed or revealed, but only strictly to the extent required by law.

**(b) Covenant not to Compete.** Franchisee agrees that it would be impossible after having received training and consultation from Franchisor and its affiliates, to operate any other business that provides sales of flowers and plants and related services, without using some or all of the trade secrets and information imparted to the Franchisee by Franchisor or its affiliates or without disclosing some of the Franchisor’s or its affiliate’s trade practices, secrets or methods of operation. Further, Franchisee acknowledges and recognizes that Franchisor is attempting to establish a nation-wide business presence in



the sales of flowers and plants and related services. Accordingly, for the foregoing reasons, Franchisee (and the Principals who sign the Guaranty) agree that:

(1) during the term of this Agreement, Franchisee (and the Principals who sign the Guaranty) will not directly or indirectly (as an owner, partner, director, officer, employee, manager, consultant, shareholder, representative, agent, lender or otherwise), be engaged in any sales of flowers and plants and related services other than the operation of the Franchised Businesses and any other Flower Tent Businesses operated under a Franchise Agreement with Franchisor; and

(2) for a period of two (2) years following the expiration, termination or transfer of this Agreement for any reason, Franchisee (and the Principals who sign the Guaranty) will not directly or indirectly (as an owner, partner, director, officer, employee, manager, consultant, shareholder, representative, agent, lender or otherwise), be engaged in any sales of flowers and plants and related services within the Development Territory, within ten (10) miles of the border of the Development Territory, or within ten (10) miles of any then-existing Flower Tent Business.

(c) **Enforcement.** Franchisee acknowledges that the provisions contained in this Section 14 (including the territorial and time restraints) are reasonable and necessary and agrees that Franchisee's failure to adhere strictly to the restrictions contained in this Section 14 will cause substantial and irreparable damage to Franchisor and to Franchisor's other franchisees. Upon any breach by Franchisee of any of the terms of this Section 14, Franchisor may institute and prosecute proceedings, at law or in equity, in any court of competent jurisdiction, to obtain an injunction to enforce the provisions of this Agreement and to pursue any other remedy to which Franchisor may be entitled. Franchisee agrees that the rights conveyed by this Agreement are of a unique and special nature, and that Franchisor's remedy at law for any breach would be inadequate and agrees and consents that temporary or permanent injunctive relief may be granted in any proceeding which may be brought to enforce any provision of this Section 14, without the necessity of posting bond therefor or proof of actual damages.

(d) **Scope.** If the scope of any restriction contained in this Section 14 is determined to be too broad to permit the enforcement of that restriction to its fullest extent, then that restriction will be enforced to the maximum extent permitted by law, and Franchisor and Franchisee each consent and agree that the scope may be limited or modified accordingly in any proceeding brought to enforce that restriction. Each provision contained in this Section 14 is independent and severable and, to the extent that any provision is declared by a court of competent jurisdiction to be illegal, invalid or unenforceable, that declaration will not affect the legality, validity or enforceability of any other provision contained in this Agreement or the legality, validity or enforceability of that provision in any other jurisdiction.

## **15. Transfer**

(a) **No Subfranchising.** Franchisee may not offer or grant any subfranchise of the Franchise, or sell or otherwise transfer any equipment or other assets used in connection with a Franchised Business (other than in the ordinary course of Franchisee's business), without the express written consent of Franchisor, which consent may be withheld by Franchisor, in its sole discretion.

(b) **Transfer Defined.** Franchisee may not sell or otherwise transfer, by operation of law or otherwise, the Franchise or any Franchised Business, or assign any right granted under this Agreement, without the prior written consent of Franchisor, which consent may be withheld by Franchisor, in its sole discretion. Franchisee acknowledges and agrees that it is Franchisor's intention to have one franchisee develop and operate the Franchised Businesses in the Development Territory. Therefore, Franchisee may not transfer any Franchised Business developed under this Agreement without also transferring the Franchise, this Agreement and all Franchised Businesses that are in operation or under development in the

Development Territory. Without limiting the foregoing, it is agreed that Franchisor's withholding of consent: (i) because the prospective transferee (the "Transferee") would not satisfy the then-current qualifications for franchisees, (ii) because Franchisee desires to transfer fewer than all of the Franchised Businesses in the Development Territory; (iii) because the financial or other terms of the transfer may have an adverse impact upon the Transferee's development and operation of the Franchised Businesses; or (iv) at a time when Franchisee (or Franchisee's Principals or managers) is in breach of, or default under, this Agreement or any other agreement with Franchisor is reasonable. Any transfer of an equity interest in Franchisee, by operation of law or otherwise, and any merger or consolidation of Franchisee (if a corporation, partnership, limited liability company or other entity) will be deemed to be a transfer of the Franchised Businesses in violation of this Section 15.

**(c) Transfer Conditions**

**(1)** If Franchisee desires to sell or otherwise transfer the Franchise, the Franchised Businesses, any assets of the Franchised Businesses, or assign any right granted under this Agreement, Franchisee must provide Franchisor with a written request for a transfer, which request must be accompanied by financial and other information regarding the Transferee as Franchisor may require and all pertinent terms of the transaction (which transaction must be for cash and no other consideration) and shall pay a transfer fee in the amount of \$5,000 plus \$500 for each Franchised Business that is in operation under this Agreement (the "Transfer Fee"). All of the foregoing information and the Transfer Fee are collectively referred to as the "Required Materials". Franchisor may, but will not be obligated to, contact or meet with the Transferee.

**(2)** Within thirty (30) days after Franchisor's receipt of all of the Required Materials, Franchisor has the right to notify Franchisee that: (i) Franchisor desires to purchase the Franchised Businesses and Franchisee's rights under this Agreement, upon the same terms and conditions as are offered by the Transferee, (ii) the transfer is approved, or (iii) the transfer is disapproved, at Franchisor's election. If the transfer is disapproved, the Transfer Fee, less all out-of-pocket expenses incurred by Franchisor relating to the proposed transfer, will be refunded to Franchisee.

**(3)** If Franchisor notifies Franchisee that it desires to purchase the Franchised Businesses and Franchisee's rights under this Agreement, that transaction will be consummated, upon the same terms and conditions as are offered by the Transferee, but not later than sixty (60) days after the end of the thirty (30) day period referred to above.

**(4)** If Franchisor notifies Franchisee that the transfer is approved, Franchisee may transfer the Franchised Businesses, within sixty (60) days after the end of the thirty (30) day period referred to above, to the Transferee on terms no less favorable to Franchisee than the terms set forth in the Required Materials, provided that:

**(a)** The Transferee executes the form of franchise agreement then being executed by new franchisees and the other documents attached to that franchise agreement have been executed; provided, however, that the term of the franchise will be the period remaining under this Agreement and that no initial franchise fee must be paid;

**(b)** Each person (and his/her spouse) or entity owning, directly or indirectly, a five percent (5%) or greater equity interest in the Transferee (for example, the general partners or the shareholders) executes an agreement in the form of an exhibit to the form of franchise agreement then being executed by new franchisees, pursuant to which Franchisee agrees to perform, and guaranty, the Transferee's obligations to Franchisor, and agrees to be bound by the confidentiality provisions and

restrictive covenants contained in the form of franchise agreement then being executed by new franchisees;

(c) Prior to the closing of the transfer, the Transferee executes a confidentiality agreement in the form required by Franchisor and attends and satisfactorily completes the Training Program, in the sole discretion of Franchisor, if required by Franchisor and pays Franchisor the then-current training fee for the Training Program;

(d) Franchisee executes and delivers to Franchisor a general release of Franchisor, in the form that Franchisor may require;

(e) Prior to the closing of the transfer, Franchisee, at Franchisee's expense, remodels and updates each Franchised Business that is the subject to the transfer to Franchisor's then-current standards; and

(f) All amounts outstanding by Franchisee to Franchisor as of the date of the closing are paid at the closing, and all breaches of or defaults under this Agreement or any other agreement with Franchisor are cured as of the closing.

**(d) Transfer for Convenience of Ownership.** Any transfer to a corporation, partnership, limited liability company or other entity that is majority-owned by Franchisee will be subject to the other provisions of this Section 15; provided, however, there will be no Transfer Fee and Franchisor will not have the right of first refusal contemplated by Section 15.(c)(2). In connection with this transfer, however, the franchised entity must execute the form of franchise agreement then being executed by new franchisees (and will be subject to the terms of that franchise agreement other than the term and the initial franchise fee) and each person (and his or her spouse), corporation, partnership, limited liability company or other entity that owns, directly or indirectly, a five percent (5%) or greater equity interest in the franchised entity must execute and deliver to Franchisor a personal guaranty and an agreement to be bound by the confidentiality provisions and restrictive covenants contained in the then-current franchise agreement. Despite the transfer of Franchisee's rights, Franchisee will be secondarily liable for the transferee's performance of its obligations under the then-current franchise agreement.

**(e) Transfer on Death, Disability or Dissolution of Marriage.** In the case of an individual Franchisee, any attempt to transfer the Franchised Businesses or assign any right granted under this Agreement upon Franchisee's death, disability or dissolution of marriage (if the Franchised Businesses, or a majority interest therein, will be transferred to Franchisee's spouse upon dissolution of marriage) will be subject to the restrictions on transfer contained in this Section 15; provided, however, that Franchisor will not have the right of first refusal contemplated by Section 15(c)(2). However, if Franchisor does not approve the proposed transferee upon death, disability or dissolution of marriage, Franchisee or his/her legal representative must, within ninety (90) days after Franchisee's death, disability or dissolution of marriage, transfer the Franchised Businesses to a person or entity approved by Franchisor in accordance with the provisions of this Section 15 within this ninety (90) day period or this Agreement will terminate.

**(f) Transfer by Franchisor.** Franchisor shall have the absolute, unrestricted right, exercisable at any time, to transfer and assign all or any part of its rights and obligations under this Agreement to any person or legal entity without the consent of Franchisee.

## **16. Term; Renewal**

**(a) Term.** Subject to Section 17 of this Agreement, the term of this Agreement will commence on the date set forth on the signature page of this Agreement and will expire ten (10) years after that date. However, if Franchisee executed this Agreement in connection with a transfer of the Franchised Businesses, the term of this Agreement will continue until the date that the transferring franchisee's Franchise Agreement would have expired.

**(b) Renewal.** If this Agreement has not been terminated prior to the end of the initial term, then Franchisee may renew the Franchise for two (2) consecutive five (5) year terms commencing upon the expiration of the initial term, provided that:

**(1)** Franchisee must notify Franchisor in writing of Franchisee's intention to renew at least six (6) months (but not more than twelve (12) months) before the end of the then-current term (initial or renewal), which notice must be accompanied by a renewal fee of \$5,000 plus \$300 for each Franchised Business in operation under this Agreement payable in cash or by cashiers or certified check or credit card;

**(2)** Prior to each renewal, Franchisee must, in the event that any Franchised Business has not previously been updated or remodeled within the previous five (5) years, at Franchisee's expense (not to exceed \$10,000 for each Franchised Business), remodel and update each Franchised Business to meet Franchisor's then-current standards;

**(3)** Prior to each renewal, Franchisee must execute Franchisor's then-current form of franchise agreement that may contain substantially different terms and conditions as contained in this Agreement including, without limitation, higher Royalty rates and Advertising Fees;

**(4)** Prior to each renewal, Franchisee must execute a general release of Franchisor, whereby Franchisee releases Franchisor from any claims not previously identified in writing by the Franchisee, in the form that Franchisor may require; and

**(5)** Prior to each renewal, Franchisee must, at Franchisee's expense, attend such training programs or refresher courses as Franchisor may request.

**(c) Non-renewal.** Additionally, Franchisor may elect to not renew this Agreement for any good cause by providing Franchisee with six (6) months written notice prior to the end of the then-current term to Franchisee. In the event, Franchisee has submitted a renewal fee prior to the time of any such notice, Franchisor shall return the renewal fee. If any of the above requirements have not been satisfied, the Franchise will not be renewed and will expire at the end of the then-current term. The parties agree that the Franchisor's refusal to renew if any of the above requirements has not been satisfied constitutes "good cause."

## **17. Termination**

**(a) Termination of this Agreement Without Opportunity to Cure.** Upon the occurrence of any of the following events, this Agreement and the rights granted under this Agreement (including Franchisee's right to develop Franchised Businesses in the Development Territory) will terminate immediately without opportunity to cure:

**(1)** Except as a result of fire or other casualty, if Franchisee ceases to operate or otherwise abandons any Franchised Business without authorization from Franchisor as evidenced by the

Franchised Business being closed for business during the Selling Season for more than five (5) consecutive days.

(2) If any transfer that requires Franchisor's prior written approval occurs without Franchisee having obtained that approval.

(3) If Franchisee challenges or seeks to challenge Franchisor's rights or title to the Marks or the validity of any attempted registration thereof.

(4) If Franchisee or any Principal becomes insolvent, makes an assignment for the benefit of creditors, admits in writing its insolvency or inability to pay debts generally as they become due, consents to the appointment of a receiver, trustee or liquidator of all or a substantial part of their property, files a petition for bankruptcy, is placed in involuntary bankruptcy or any order appointing a receiver, trustee or liquidator is not vacated within sixty (60) days following the order's entry.

(5) If any involuntary lien exceeding \$10,000 is placed on Franchisee's business assets and is not promptly (but in any event within thirty (30) days) removed or bonded against.

(6) If Franchisee does not obtain Franchisor's site acceptance and open at least one (1) Franchised Business within one (1) year after the date of this Agreement.

(7) If Franchisee misrepresents, or commits fraud in connection with information contained in Franchisee's application for a franchise, or in any other oral information communicated to Franchisor.

(8) If Franchisee or any Principal is convicted of a crime that is reasonably likely, in Franchisor's sole opinion, to adversely affect Franchisor, its affiliate, the goodwill associated with the Marks, or the System.

(9) If Franchisee (or Franchisee's Principals) receives three (3) or more notices of default within a twelve (12) month period for failing to pay any monies owed to Franchisor or to perform any obligation under this Agreement, or any other agreement with Franchisor.

(10) If, at any time after: (i) Franchisee has received notice of termination of this Agreement, with or without the passage of a cure or notice period; (ii) Franchisor has exercised its right of first refusal in connection with a transfer of the Franchise or a Franchised Business, or the assignment of any right granted under this Agreement; or (iii) Franchisor has disapproved a requested transfer, or withheld its consent in connection with a requested transfer, of the Franchise or a Franchised Business, or the assignment of any right granted under this Agreement, and Franchisee conducts a Franchised Business in a manner that may materially and adversely affect the goodwill or reputation of Franchisor, its products or the Marks, damages the premises or any equipment in connection with a Franchised Business or otherwise breaches Franchisee's obligations under this Agreement.

**(b) Termination of the Franchise for a Franchised Business Without Opportunity to Cure.** Upon the occurrence of any of the following events, the Franchise for a Franchised Business and the rights granted under this Agreement with respect to that Franchised Business will terminate immediately without opportunity to cure and Franchisor shall issue a revised Exhibit B to reflect the removal of the relevant Franchised Business from this Agreement:

(1) If Franchisee fails to repair or reopen the Franchised Business in accordance with Section 9(e) of this Agreement.

(2) If Franchisee violates any law, ordinance, rule or regulation of a governmental agency in connection with the operation of the Franchised Business and permits such connection with the operation of any Franchised Business and permits such governmental agency violation to go uncorrected after notification thereof, unless there is a bona fide dispute as to the violation or legality of any such law, ordinance, rule or regulation and Franchisee promptly resorts to courts or forums of appropriate jurisdiction to contest such violation.

**(c) Termination of this Agreement with Opportunity to Cure.** This Agreement (including Franchisee's right to develop Franchised Businesses in the Development Territory) may be terminated by Franchisor, at its option, upon the occurrence of any of the following events ("Events of Default"), which are deemed to be terminations for "good cause":

(1) If Franchisee (or Franchisee's Principals) fails to pay any monies owed to Franchisor under this Agreement, or any other agreement with Franchisor, and that failure has not been cured within ten (10) days after Franchisor has provided notice of that failure to Franchisee. Termination will be effective immediately upon the expiration of the end of that cure period.

(2) If Franchisee (or Franchisee's Principals) fails to perform any obligation (other than the payment of monies owed to Franchisor) under this Agreement, or any other agreement with Franchisor; Franchisee may cure that failure within thirty (30) days after Franchisor has provided notice of that failure to Franchisee. Termination will be effective immediately upon the expiration of the end of that cure period.

(3) If Franchisee (or, if Franchisee is a corporation, partnership, limited liability company or other entity, the person who will be responsible for the operation of the Franchised Businesses) fails to satisfactorily complete the Training Program, in the sole discretion of Franchisor, a second time or refuses to attend the Training Program a second time. Termination will be effective upon the 30th day after that notice, unless the Franchisee (or the person responsible for the operation of the Franchised Businesses) satisfactorily completes the Training Program within that thirty (30) day period.

**(d) Termination of a Franchise for a Franchised Business with Opportunity to Cure.** The Franchise for a Franchised Business may be terminated by Franchisor, at its option, upon the occurrence of any of the following Events of Default, which are deemed to be terminations for "good cause":

(1) If Franchisee loses possession of the premises of the Franchised Business for reasons related to the breach of Franchisee's lease or mortgage agreement during the term of this Agreement and such loss is not cured within thirty (30) days after such loss, termination will be effective upon either of the following, at Franchisor's election:

(a) The date possession of the premises or site is lost, or

(b) The date thirty (30) days after Franchisor has provided notice of termination to Franchisee, unless Franchisee has regained possession of the premises of the Franchised Business within thirty (30) days after Franchisor has provided notice of termination to Franchisee.

(2) If Franchisee loses, or fails to obtain or maintain, any permit or license necessary to operate the Franchised Business for reasons unrelated to the seasonal nature of the Franchised Business and such loss or failure is not cured within thirty (30) days, termination will be effective upon either of the following, at Franchisor's election:

(a) The date that that permit or license is lost or denied, or

(b) The date thirty (30) days after Franchisor has provided notice of termination to Franchisee, unless Franchisee has obtained or regained that permit or license within thirty (30) days after Franchisor has provided notice of termination to Franchisee.

(3) If Franchisee operates the Franchised Business or maintains the Franchised Location in a manner that may materially and adversely affect the goodwill or reputation of Franchisor, its products or the Marks; provided, however, that if, in Franchisor's sole discretion, that damage is curable, Franchisee will have thirty (30) days within which to cure that damage. Termination will be effective immediately upon notice, unless that damage is curable, in which event, termination will be effective upon the 30th day after that notice, unless that damage is cured.

**(e) Expiration of the Development Term and Termination of the Development Rights.**

(1) Franchisee's right to develop Franchised Businesses in the Development Territory shall expire upon the expiration of the Development Term.

(2) Franchisee's right to develop Franchised Businesses in the Development Territory may be terminated by Franchisor, at its option, upon the occurrence of any of the following Events of Default, which are deemed to be terminations for "good cause":

(a) Franchisee fails to comply with the Development Schedule, including any Site Acceptance Deadline and any Opening Deadline; or

(b) At any time during the Development Term, Franchisee fails to have open and operating the minimum number of Franchised Businesses required by the Development Schedule.

(3) Upon the expiration of the Development Term, or upon the earlier termination of Franchisee's development rights in the Development Territory for any reason:

(a) Franchisee shall have no further right to develop or open Franchised Businesses in the Development Territory, however, Franchisee may continue to operate Franchised Businesses that were open and operating as of the date of the expiration or termination; and

(b) Franchisee's limited exclusive rights in the Development Territory shall immediately terminate, and Franchisor may operate or license others to operate businesses identified in whole or in part by the Marks anywhere in the Development Territory other than within the Protected Territory assigned to a Franchised Business.

**18. Rights and Obligations of the Parties upon Expiration or Termination**

(a) Upon termination of the Franchise for any Franchised Business under this Agreement for any reason:

(1) Franchisee will forfeit all fees paid with respect to the Franchised Business.

(2) All goodwill associated with the Franchised Business and Franchisee's use of the Marks with respect to the Franchised Business, is, and will be, the property of Franchisor, and Franchisee will receive no payment therefor.

**(3)** Franchisee must promptly return to Franchisor any Proprietary Information used with respect to the Franchised Business. Franchisor may enter the premises of the Franchised Business and recover any property of Franchisor without being liable for trespass.

**(4)** Franchisee must immediately: (a) cease using the Marks with respect to the Franchised Business, (b) cancel all assumed names or equivalent registrations relating to the use of the Marks with respect to the Franchised Business, (c) notify the telephone company and all listing agencies of the termination of Franchisee's right to use the Marks with respect to the Franchised Business and, if requested by Franchisor, of Franchisee's assignment of Franchisee's telephone numbers for the Franchised Business to Franchisor. Franchisee irrevocably appoints and constitutes Franchisor and its designated agents, with full power of substitution, as Franchisee's agent and attorney-in-fact for and on behalf of, and in Franchisee's name, and at Franchisee's expense, to take any or all of the above actions, without liability for trespass. This special power of attorney will be deemed to be coupled with an interest and irrevocable.

**(5)** Franchisee must pay to Franchisor, within ten (10) days of expiration or termination of the Franchise for the Franchised Business, all amounts outstanding to Franchisor from Franchisee with respect to the Franchised Business, including those invoiced to Franchisee after the termination of the Franchise for the Franchised Business. Upon termination pursuant to any default by Franchisee, such sums shall include, but not be limited to, actual and consequential damages, costs and expenses (including reasonable attorney's fees) incurred by Franchisor as a result of the termination.

**(b)** In addition, upon expiration of this Agreement or termination of the Franchise for a Franchised Business (except any termination due to renewal of the Franchise or transfer of the Franchised Business) by Franchisor or by Franchisee, Franchisor may, but will not be obligated to, purchase, or have its designee purchase:

**(1)** All, or any portion of, Franchisee's signage used at the Franchised Business; and/or

**(2)** All, or any portion of, the equipment, inventory, decor, supplies, and other tangible assets of the Franchised Business for an amount equal to the Value (as defined below). Franchisor, or its designee, may, but will not be obligated to, assume Franchisee's future obligations under Franchisee's premises leases or subleases and continue the operations of the Franchised Business in Franchisor's, or its designee's, name. If Franchisor is required by law, regulation or court order, to purchase the equipment, inventory, decor, supplies and/or other tangible assets used in connection with the Franchised Business, the purchase price will be equal to the Value. For purposes of this Agreement, the term "Value" means, subject to applicable law, an amount equal to fifty percent (50%) of Franchisee's original purchase price, less depreciation using a five-year life under a straight-line method.

**(c)** Upon expiration or termination of this Agreement for any reason:

**(1)** Franchisee will forfeit all fees paid.

**(2)** Franchisee shall have no further right to develop or operate Franchised Businesses in the Development Territory and Franchisee's limited exclusive rights in the Development Territory and within any Protected Territory shall immediately terminate and Franchisor may operate or license others to operate businesses operated in whole or in part by the Marks anywhere in the Development Territory.



(3) All goodwill associated with the Franchised Businesses and Franchisee's use of the Marks, is, and will be, the property of Franchisor, and Franchisee will receive no payment therefor.

(4) Franchisee must promptly return to Franchisor any Proprietary Information. Franchisor may enter the premises of any Franchised Business and recover any property of Franchisor without being liable for trespass.

(5) Franchisee must immediately: (i) cease using the Marks; (ii) cancel all assumed names or equivalent registrations relating to the use of the Marks; (iii) notify the telephone company and all listing agencies of the termination of Franchisee's right to use the Marks and, if requested by Franchisor, of Franchisee's assignment of Franchisee's telephone numbers to Franchisor; (iv) not, directly, or indirectly, identify itself with Franchisor or the Marks; and (v) transfer the domain name used to operate Franchisee's website to Franchisor. Franchisee irrevocably appoints and constitutes Franchisor and its designated agents, with full power of substitution, as Franchisee's agent and attorney-in-fact for and on behalf of, and in Franchisee's name, and at Franchisee's expense, to take any or all of the above actions, without liability for trespass. This special power of attorney will be deemed to be coupled with an interest and irrevocable.

(6) Franchisee must pay to Franchisor, within ten (10) days of expiration or termination of this Agreement, all amounts outstanding to Franchisor from Franchisee, including those invoiced to Franchisee after this Agreement expires or is terminated. Upon termination pursuant to any default by Franchisee, such sums shall include, but not be limited to, actual and consequential damages, costs and expenses (including reasonable attorney's fees) incurred by Franchisor as a result of the termination.

(d) In addition, upon expiration or termination of this Agreement (except any termination due to renewal or transfer of this Agreement and the Franchised Businesses) by Franchisor or by Franchisee, Franchisor may, but will not be obligated to, purchase, or have its designee purchase:

(1) All, or any portion of, Franchisee's signage; and/or

(2) All, or any portion of, the equipment, inventory, decor, supplies, and other tangible assets of the Franchised Businesses for an amount equal to the Value (as defined below). Franchisor, or its designee, may, but will not be obligated to, assume Franchisee's future obligations under Franchisee's premises leases or subleases and continue the operations of the Franchised Businesses in Franchisor's, or its designee's, name. If Franchisor is required by law, regulation or court order, to purchase the equipment, inventory, decor, supplies and/or other tangible assets used in connection with the Franchised Businesses, the purchase price will be equal to the Value.

(e) Upon any breach by Franchisee of any of the terms of this Section 18, Franchisor may institute and prosecute proceedings, at law or in equity, in any court of competent jurisdiction, to obtain an injunction to enforce the provisions of this Agreement and to pursue any other remedy to which Franchisor may be entitled. Franchisee agrees that the rights conveyed by this Agreement are of a unique and special nature and that Franchisor's remedy at law for any breach would be inadequate and agrees and consents that temporary or permanent injunctive relief may be granted in any proceeding that may be brought to enforce any provision of this Section 18, without the necessity of posting bond therefor or proof of actual damages.

## 19. Relationship of the Parties

Franchisee is not and shall not hold itself out as an agent, legal representative, partner, subsidiary, joint venturer or employee of Franchisor. Franchisee shall have no right or power to, and shall not bind or obligate Franchisor in any way, manner or thing whatsoever, nor represent that it has the right to do so. Franchisee shall be responsible for all of its expenses incurred in connection with its obligations under this Agreement, including, without limitation, all taxes, benefits, insurance and salaries in connection with any person employed by Franchisee. In all public records and its relationship with other parties, on letterhead and business forms, Franchisee shall indicate its independent ownership of each Franchised Business and that it is only a franchisee of Franchisor. Franchisee shall exhibit a notification that it is a franchisee of Franchisor at each Franchised Business in a place that is visible to all customers. Nothing in this Agreement is intended, nor may anything in this Agreement be construed, to state or imply that Franchisor is the employer of Franchisee's employees and/or independent contractors, nor that Franchisee is the employer of Franchisor's employees and/or independent contractors.

## 20. Notices

Any notice required or permitted hereunder shall be in writing and shall be deemed duly given or made when received, either hand delivered, sent via reputable overnight carrier or mailed by registered mail, return receipt requested, to the party to whom the same is so given or made.

If to Franchisor, to:

FLOWER TENT USA, INC.  
P.O. Box 1675  
Kingston, PA 18704  
Attention: Thomas F. Ansilio

If to Franchisee to:

The name and address provided on the signature page below.

## 21. Consents and Waivers

**(a) Approval or Consent.** Whenever Franchisor's prior written approval or consent is required under this Agreement, Franchisee agrees to make a timely written request to Franchisor for such consent. Franchisor's approval or consent must be in writing and signed by an authorized officer to be effective.

**(b) No Warranties.** Franchisor makes no warranties or guarantees upon which Franchisee may rely by providing any waiver, approval, consent or suggestion to Franchisee in connection with this Agreement and assumes no liability or obligation to Franchisee therefor, or by reason of any neglect, delay, or denial of any request therefor. Franchisor will not, by virtue of any approvals, advice or services provided to Franchisee, assume responsibility or liability to Franchisee or to any third parties to which Franchisor would not otherwise be subject.

**(c) Waivers.** No delay or failure to exercise any right under this Agreement or to insist upon Franchisee's strict compliance with any obligation or condition, and no custom or practice that differs from the terms of this Agreement, will constitute a waiver of Franchisor's right to exercise the contract provision or to demand Franchisee's strict compliance with the terms of this Agreement. Franchisor's waiver of any particular default does not affect or impair Franchisor's rights with respect to any subsequent default Franchisee may commit. Franchisor's waiver of a default by another franchisee does

not affect or impair Franchisor's right to demand Franchisee's strict compliance with the terms of this Agreement. Franchisor's acceptance of any payments due from Franchisee does not waive any prior defaults.

**(d) Variance By Reason Of Force Majeure.** If the performance of any obligation by any party under this Agreement is prevented, hindered or delayed by reason of Force Majeure, which cannot be overcome by reasonable commercial measures, the parties will be relieved of their respective obligations (to the extent that the parties, having exercised best efforts, are prevented, hindered or delayed in such performance) during the period of such Force Majeure. The party whose performance is affected by an event of Force Majeure must give prompt written notice of such Force Majeure event to the other party by setting forth the nature of the Force Majeure and an estimate as to its duration. As used in this Agreement, the term "Force Majeure" means any act of nature, strike, lock-out or other industrial disturbance, war (declared or undeclared), riot, epidemic, fire or other catastrophe, act of any government or other third party and any other cause not within the control of the party affected thereby. Franchisee's inability to obtain financing (regardless of the reason) may not constitute Force Majeure. Franchisor may upon notice to Franchisee terminate this Agreement with immediate effect, if Force Majeure affects, prevents, hinders or delays Franchisee with respect to the performance of any obligation or obligations under this Agreement for a cumulative total of ninety (90) days or more.

## **22. Entire Agreement**

Each element of this Agreement is essential and material and, except as otherwise provided in this Agreement, the parties shall deal with each other in good faith. This Agreement, the Manual, the documents referred to in this Agreement and the attachments to this Agreement constitute the entire agreement between the parties with respect to the Franchised Businesses and supersede all prior negotiations, representations, correspondence and agreements concerning the same subject matter. There are no other representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Agreement other than those set forth in this Agreement, in the attachments to this Agreement and in Franchisor's Franchise Disclosure Document. No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be implied into this Agreement. Except as expressly set forth in this Agreement, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and signed in writing. Nothing in this or in any related agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document furnished to Franchisee.

## **23. Severable Provisions**

Each and every provision of this Agreement is intended to be independent of and severable from the others. If any provision of this Agreement is declared by a court of competent jurisdiction to be illegal, unenforceable or invalid for any reason whatsoever, that illegality, unenforceability or invalidity will not affect the validity of the remainder of this Agreement or the legality, enforceability or validity of that provision in any other jurisdiction. It is the intention and the agreement of the parties to this Agreement that the noncompetition and confidential information provisions set forth in Section 14 of this Agreement and Franchisor's ability to terminate this Agreement be enforceable to the maximum extent permitted by law and, to that end, understand and agree that said provisions may be limited or modified by a court of competent jurisdiction to ensure enforceability thereof.

## 24. Enforcement

**(a) Governing Law.** The Agreement takes effect upon its acceptance and execution by Franchisor in Pennsylvania. This Agreement and any claim or controversy arising out of, or relating to, rights and obligations of the parties under this Agreement and any other claim or controversy between the parties, except to the extent governed by the United States Trademark Act of 1946, shall be governed by and construed in accordance with the laws of the State of Pennsylvania without regard to conflicts of laws principles. If, however, any provision of this Agreement would not be enforceable under the laws of Pennsylvania, and if a Franchised Business is located outside of Pennsylvania and such provision would be enforceable under the laws of the state in which that Franchised Business is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this Section is intended, or shall be deemed, to make any Pennsylvania law regulating the offer or sale of franchises or the franchise relationship applicable to this Agreement if such law would not otherwise be applicable.

**(b) Jurisdiction.** Any judicial action brought by Franchisee against Franchisor shall be brought exclusively, and any action brought by Franchisor against Franchisee may be brought, in the federal district court covering the location at which Franchisor has its principal place of business at the time the action is commenced; provided, however, that if the federal court would not have subject matter jurisdiction had the action been commenced in such court, then, in such event, the action shall (with respect to actions commenced by Franchisee) and may (with respect to actions commenced by Franchisor) be brought in the state court within the judicial district in which Franchisor has its principal place of business at the time the action is commenced. The parties waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

**(c) WAIVER OF JURY TRIAL AND DAMAGES. FRANCHISOR AND FRANCHISEE WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST EACH OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THE PARTIES, EACH PARTY WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED. FRANCHISOR AND FRANCHISEE WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO BRING, OR BE A CLASS MEMBER IN, ANY CLASS ACTION SUITS AND THE RIGHT TO TRIAL BY JURY.**

**(d) Limitation of Actions.** Any and all claims and actions arising out of or relating to this Agreement, the relationship between Franchisor and Franchisee, or Franchisee's operation of any Franchised Business, must be brought or asserted before the expiration of the earlier of: (i) the time period for bringing an action under any applicable state or federal statute of limitations; (ii) one (1) year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (iii) two (2) years after the first act or omission giving rise to an alleged claim; or it is expressly acknowledged and agreed by all parties that such claims or actions will be irrevocably barred. Franchisor's claims attributable to underreporting of sales, and claims of the parties for failure to pay monies owed and/or indemnification will be subject only to the applicable state or federal statute of limitations.

**(e) Attorneys' Fees, Costs and Expenses.** In the event of any claim, controversy or dispute arising out of or relating to this Agreement, or the breach thereof, the prevailing party may recover reasonable attorneys' fees, costs and expenses incurred in connection with any judicial proceeding. The amount of the fees, costs and expenses will be determined by the court and not by a jury.

**(f) Rights and Remedies Cumulative.** No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other

right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy. The provisions of this Section 24 shall survive the expiration or earlier termination of this Agreement.

**(g) Injunctive Relief.** Franchisee recognizes that Franchisee's failure to comply with the terms of this Agreement, including, but not limited to, the failure to fully comply with all post-termination obligations, is likely to cause irreparable harm to Franchisor, its affiliates and the System. Therefore, Franchisee agrees that, in the event of a breach or threatened breach of any of the terms of this Agreement by Franchisee, Franchisor will be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by Franchisor will be in addition to, and not in lieu of, all remedies and rights that Franchisee otherwise may have arising under applicable law or by virtue of any breach of this Agreement.

## **25. Miscellaneous**

**(a) Survival.** Notwithstanding anything contained in this Agreement to the contrary, the provisions of this Agreement which by their nature affect the parties' rights and obligations after the expiration or termination of this Agreement will survive any expiration and termination of this Agreement.

**(b) Successors and Assigns.** Subject to Section 15, which restricts Franchisee's rights to assign the Franchise for any Franchised Business and this Agreement and Franchisee's rights hereunder, this Agreement will be binding upon and inure to the benefit of the parties and their respective assigns, legal representatives, executors, heirs and successors. Any attempt by Franchisee to assign this Agreement, or any of Franchisee's rights hereunder, or to delegate Franchisee's obligations hereunder, without compliance with the terms of Section 15 will be void. Notwithstanding anything contained in this Agreement to the contrary, Franchisor may assign this Agreement, or any of its rights hereunder, or delegate any of its obligations hereunder without the consent of Franchisee or any other person.

**(c) Terminology.** All references in this Agreement to the term "including" means "including, without limitation." All captions, headings or titles in the paragraphs or Sections of this Agreement are inserted for convenience of reference only and do not constitute a part of this Agreement or a limitation of the scope of the particular paragraph or Section to which they apply. All personal pronouns used in this Agreement, whether used in the masculine, feminine, or neuter gender, will, where appropriate, include all other genders and the singular will include the plural and vice versa.

**(d) Counterparts.** This Agreement may be executed in two or more counterparts each of which will be considered one and the same agreement and will become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

**(e) Construction.** The parties acknowledge that each party was represented (or had the opportunity to be represented) by legal counsel in connection with this Agreement and that each of them and his, her or its counsel have reviewed this Agreement; or have had an opportunity to do so, and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party will not be employed in the interpretation of this Agreement or any amendments or any exhibits hereto or thereto.

**(f) Additional Actions.** Each party agrees to do all acts and things and to make, execute and deliver such written instruments as may from time to time be reasonably required to carry out the terms and provisions of this Agreement.

**(g) Delegation of Performance.** Franchisee agrees that Franchisor has the right to delegate the performance of any portion or all of Franchisor's obligations under this Agreement to third-party designees, whether these designees are Franchisor's agents or independent contractors with whom Franchisor has contracted to perform these obligations. If Franchisor does so, such third-party designees will be obligated to perform the delegated functions for Franchisor in compliance with this Agreement.

**(h) Computation of Time.** Whenever the last day for the exercise of any privilege or discharge of any duty under this Agreement falls upon Saturday, Sunday or any legal holiday under Pennsylvania law, the party having that privilege or duty will have until 5:00 p.m. Eastern time, on the next succeeding regular business day to exercise that privilege or to discharge that duty.

**(i) Currency.** Unless otherwise directed by Franchisor in writing, all amounts contemplated by this Agreement will be paid in United States Dollars. Computation of any amounts to be paid which require conversion between currencies will be made at the selling rate for United States Dollars quoted by Franchisor's primary bank on the date on which payment is made. Franchisee will pay all costs of currency exchange.

**(j) Authority.** Any individual signing below on behalf of a corporation, partnership, limited liability company or other entity personally represents that Franchisee has full authority to bind the party or parties on whose behalf Franchisee is signing.

[Signature Page to Follow]

**IN WITNESS WHEREOF**, the parties have executed this Agreement, or caused this Agreement to be executed, as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**NAME OF FRANCHISEE:** \_\_\_\_\_

Check One:      \_\_\_\_\_ Individual                                      \_\_\_\_\_ Corporation  
                         \_\_\_\_\_ General Partnership                                      \_\_\_\_\_ Limited Partnership  
                         \_\_\_\_\_ Limited Liability Company                                      \_\_\_\_\_ Other Entity (Identify)

State of Organization or Residence: \_\_\_\_\_

Executed By: \_\_\_\_\_  
(Sign Name)

\_\_\_\_\_  
(Print Name)

If executed on behalf of a corporation, a partnership, a limited liability company or another type of entity, list title: \_\_\_\_\_

Address: \_\_\_\_\_

Phone No. \_\_\_\_\_

Mobile No. \_\_\_\_\_

Fax No. \_\_\_\_\_

E-mail address \_\_\_\_\_

Principals of Franchisee (Shareholders, Partners, Members, etc.--Total MUST equal 100%)

<u>Name</u>	<u>% Ownership</u>
-------------	--------------------

**FLOWER TENT USA, INC.**

By: \_\_\_\_\_  
Name: Thomas F. Ansilio, Jr.

Title: President

**EXHIBIT A**

**DEVELOPMENT INFORMATION**

1. The **Development Territory** shall include the following zip codes in the State of \_\_\_\_\_:

Your rights in the Development Territory are subject to the limitations described in Section 3 of the Franchise Agreement. Any political boundaries contained in the description of the Development Territory shall be considered fixed as of the Effective Date and shall not change notwithstanding a change in those boundaries. Unless otherwise specified, all street boundaries shall be deemed to include both sides of the street.

2. **Development Schedule:** You must develop and continue to operate a minimum of \_\_\_\_\_ Franchised Businesses in the Development Territory, in accordance with the following schedule:

Site Acceptance Deadline	Opening Deadline	Cumulative Number of Franchised Businesses To Be Open And Operating On The Opening Deadline

3. **Initial Franchise Fee:**

Check One	Development Agreement and Territory No.	No. of Franchised Businesses to be developed in the Development Territory	Initial Franchise Fee
	1	6	\$49,500
	2	6	\$25,000
	3	6	\$15,000

4. **Existing Flower Tent Businesses in the Development Territory:** \_\_\_\_\_
-



**EXHIBIT B**

**FRANCHISE INFORMATION**

<b>Franchised Business Number</b>	<b>Franchised Location (if not yet identified state “To Be Identified” below)</b>	<b>Protected Territory (if not yet identified state “To Be Identified” below)</b>
1		
2		
3		
4		
5		
6		

This Exhibit B is current as of the following date: \_\_\_\_\_, 20\_\_.

**FRANCHISEE:**

Executed By: \_\_\_\_\_  
(Sign Name)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Title)

**FLOWER TENT USA, INC.**

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

Name: Thomas F. Ansilio, Jr.

Title: President

## **EXHIBIT C**

### **AGREEMENT TO BE BOUND AND TO GUARANTEE**

THIS AGREEMENT, dated \_\_\_\_\_, is executed by \_\_\_\_\_ (“Guarantor”) in favor of Flower Tent USA, Inc. (“Flower Tent USA”).

WHEREAS, as an inducement for Flower Tent USA to execute and deliver, and to perform its obligations under, that certain Franchise Agreement (the “Franchise Agreement”), dated \_\_\_\_\_, by and between Flower Tent USA and \_\_\_\_\_ (“Franchisee”), Guarantor has agreed to jointly and severally guarantee the obligations of Franchisee under the Franchise Agreement and has agreed to be bound by the confidentiality provisions and restrictive covenants contained in the Franchise Agreement.

WHEREAS, Guarantor owns, directly or indirectly, a five percent (5%) or greater equity interest in Franchisee.

WHEREAS, Guarantor acknowledges and agree that Flower Tent USA will materially rely upon Guarantor’s obligations under this Agreement.

NOW, THEREFORE, in consideration of the foregoing promises and the execution and delivery of the Franchise Agreement by Flower Tent USA, and the performance of Flower Tent USA’s obligations thereunder, Guarantor agrees, for the benefit of Flower Tent USA and its affiliates as follows:

1. Guarantor unconditionally guarantees and promises to pay to Flower Tent USA and/or its affiliates and to perform, for the benefit of Flower Tent USA and/or its affiliates, on demand, any and all obligations and liabilities of Franchisee in connection with, with respect to or arising out of the Franchise Agreement or any other agreement with Flower Tent USA or its affiliates.
2. Guarantor agrees to be bound by the confidentiality provisions and restrictive covenants contained in the Franchise Agreement, including, without limitation, Section 14 thereof.
3. Flower Tent USA will be entitled to use the name, likeness and voice of Guarantor for purposes of promoting the franchise, Flower Tent USA and its products, including all photos and audio and video recordings, and Guarantor hereby irrevocably consents thereto.
4. This is a guaranty of payment and not of collection. This Agreement shall remain in full force and effect until all amounts payable by Guarantor shall have been validly, finally and irrevocably paid in full and all obligations to be performed by Guarantor shall have been validly, finally and irrevocably performed in full.
5. This Agreement shall not be affected in any way by: (i) the absence of any action to obtain such amounts from Franchisee or any other guarantor or indemnitor or of any recourse to any security for such amounts; or (ii) any extension, waiver, compromise or release of any or all of the obligations of Franchisee or any guarantor.
6. Guarantor hereby agrees that he/she will not exercise any rights of subrogation which he/she may acquire due to any payment or performance of the obligations of Franchisee pursuant to this Agreement unless and until all amounts payable to Flower Tent USA or its affiliates, and all obligations for the benefit of Flower Tent USA or its affiliates, shall have been validly, finally and irrevocably, paid and performed in full.

7. No failure or delay on the part of Flower Tent USA or its affiliates in exercising its rights hereunder shall operate as a waiver of, or impair, any such right. No single or partial exercise of any such right shall preclude any other or further exercise thereof or the exercise of any other right. No waiver of any such right shall be effective unless given in writing, specifying with particularity the nature of the waiver. No waiver of any such right shall be deemed a waiver of any other right hereunder. The rights provided for herein are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law.
8. Guarantor shall pay reasonable attorneys' fees and expenses and all other costs and expenses which may be incurred by Flower Tent USA or its affiliates in connection with enforcing this Agreement.
9. This Agreement shall be governed by, and construed and enforced in accordance with, the law of the State of Pennsylvania, notwithstanding any conflict of law rules to the contrary. Guarantor hereby consents to the exclusive jurisdiction of the state and federal courts located in the State of Pennsylvania in connection with any dispute based on, arising out of or in connection with this Agreement.
10. This Agreement shall be binding upon Guarantor and his / her respective successors, heirs and assigns and shall inure to the benefit of Flower Tent USA, its affiliates and their respective successors and assigns.
11. If more than one person signs this Agreement as a Guarantor, his, her or its obligation shall be joint and several.

Name(s) of Guarantor(s): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Name of Franchisee: \_\_\_\_\_  
EXECUTED as of: \_\_\_\_\_

Name: \_\_\_\_\_ Name: \_\_\_\_\_  
(Print Name) (Print Name)

Executed by: \_\_\_\_\_ Executed by: \_\_\_\_\_

**EXHIBIT D**  
**FORM OF CONFIDENTIALITY AGREEMENT**

## **CONFIDENTIALITY AGREEMENT**

THIS AGREEMENT, dated as of \_\_\_\_\_, by \_\_\_\_\_  
("Employee") and \_\_\_\_\_ ("Franchisee").

WHEREAS, Franchisee is engaged in the business of providing retail services in the nature of flowers.

WHEREAS, Employee desires to be employed, or to continue to be employed, by Franchisee and/or attend the training program offered by Flower Tent USA, Inc., a Pennsylvania corporation ("Franchisor").

WHEREAS, in connection therewith, Employee will have access and/or has had access to information that requires Franchisor's and Franchisee's highest trust and confidence in Employee.

WHEREAS, Employee acknowledges and agrees that Franchisee and Franchisor will materially rely upon Employee's obligations under this Agreement.

NOW, THEREFORE, in consideration of the foregoing promises, the compensation paid or to be paid to Employees, and/or other good and valuable consideration, Employee covenants and agrees as follows:

1. Confidential Information.

- (a) Employee acknowledges that Franchisor and Franchisee are engaged in a highly competitive business, the success of which is dependent upon, among other things, confidential and proprietary information, including, without limitation, Franchisor's and Franchisee's training materials, method of operation, business plans, techniques and procedures (collectively, the "Proprietary Information"). Employee further acknowledges that the Proprietary Information constitutes valuable trade secrets.
- (b) Employee shall use Proprietary Information only in connection with the performance of its duties for Franchisee and shall not disclose any such information, either during the term of Employee's employment or association with Franchisee or any time thereafter, and shall take every reasonable precaution to safeguard all Proprietary Information. In connection therewith, Employee shall fully and strictly comply with all security measures prescribed by Franchisor and/or Franchisee for maintaining the confidentiality of all Proprietary Information.
- (c) Upon the termination of Employee's employment or association with Franchisee, Employee shall deliver promptly to Franchisee all documents containing Proprietary Information, whether or not prepared by or for Employee.
- (d) Employee acknowledges that to breach its obligations under this Section 1 would cause damage to Franchisor, Franchisee and Franchisor's other franchisees, and that Employee would be liable for such damage.
- (e) Notwithstanding the foregoing, the following shall not be subject to the provisions of this Section 1:

- (1) Information which is in the public domain as of the date of receipt by Franchisee;
- (2) Information which becomes known to the public without a breach of any confidentiality agreement or provision in favor of Franchisor or Franchisee; and
- (3) Information which is required by law to be disclosed or revealed, but only strictly to the extent required by law.

4. Use of Name, Likeness. Franchisor will be entitled to use the name, likeness and voice of Employee for purposes of promoting the franchise, Franchisor and its products, including all photos and audio and video recordings of Employee, and Employee hereby irrevocably consents thereto.

5. Reasonable Restraints; Remedies. Employee acknowledges that the covenants contained in this Agreement are reasonable and necessary and agrees that failure to adhere strictly to the restrictions contained herein shall cause substantial and irreparable damage to Franchisor, Franchisee and to Franchisor's other franchisees. In the event of any breach by Employee of any of the terms of this Agreement, Franchisor and/or Franchisee shall be entitled to institute and prosecute proceedings, at law or in equity, in any court of competent jurisdiction, to obtain an injunction to enforce the provisions of this Agreement and to pursue any other remedy to which Franchisor and/or Franchisee may be entitled. Employee agrees that the rights conveyed by this Agreement are a unique and special nature and that Franchisor's and Franchisee's remedy at law for any breach would be made inadequate and agrees and consents that temporary or permanent injunctive relief may be granted in any proceeding which may be brought to enforce any provision hereof, without the necessity of posting bond therefor or proof of actual damages.

7. General and Miscellaneous.

- (a) Entire Agreement; Amendment. This Agreement contains the entire agreement and understanding between the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof. This Agreement may not be modified or amended other than by an agreement in writing signed by each of the parties hereto.
- (b) Binding Nature of Agreement. This Agreement will be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.
- (c) Governing Law. This Agreement and all questions relating to its validity, interpretation, performance and enforcement will be governed by and construed, interpreted and enforced in accordance with the laws of the Commonwealth of Pennsylvania, notwithstanding any Pennsylvania or other conflict of laws provisions to the contrary. Employee and Franchisee hereby consent to the exclusive jurisdiction of the state and federal courts located in the Commonwealth of Pennsylvania in connection with any disputed based on or arising out of this Agreement or any breach hereof.

- (d) No Waiver. Franchisor or Franchisees failure to act with respect to a breach by Employee of this Agreement does not constitute a waiver of Franchisor's or Franchisee's right to act with respect to subsequent or similar breaches.
- (e) Third Party Beneficiary. Franchisor is an express third party beneficiary of this Agreement and may, directly or indirectly, enforce any obligation of Employee hereunder.

Employee has read this entire Agreement carefully and fully understands the limitations that this Agreement imposes upon Employee and acknowledges and agrees that those limitations are reasonable.

EXECUTED as of \_\_\_\_\_

\_\_\_\_\_  
Signature of Employee

Franchisee: \_\_\_\_\_

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

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

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

**EXHIBIT E**

**LIST OF STATE ADMINISTRATORS & 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:

<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>	<b>NEW YORK</b> NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Fl New York, NY 10005 (212) 416-8222
<b>HAWAII</b> Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	<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
<b>ILLINOIS</b> Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	<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
<b>INDIANA</b> Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	<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
<b>MARYLAND</b> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	<b>VIRGINIA</b> State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051
<b>MICHIGAN</b> Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1 <sup>st</sup> Floor Lansing, Michigan 48913 (517) 335-7567	<b>WASHINGTON</b> Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, Washington 98504-1200 (360) 902-8760
<b>MINNESOTA</b> Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	<b>WISCONSIN</b> Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

## **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.

<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>	<b>NEW YORK</b> New York Secretary of State One Commerce Plaza 99 Washington Avenue Albany, NY 12231 (518) 473-2492
<b>HAWAII</b> Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	<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
<b>ILLINOIS</b> Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	<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
<b>INDIANA</b> Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	<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
<b>MARYLAND</b> Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	<b>VIRGINIA</b> Clerk of the State Corporation Commission 1300 East Main Street, 1 <sup>st</sup> Floor Richmond, Virginia 23219 (804) 371-9733
<b>MICHIGAN</b> Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1 <sup>st</sup> Floor Lansing, Michigan 48913 (517) 335-7567	<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
<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	<b>WISCONSIN</b> Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

**EXHIBIT F**  
**MANUAL TABLE OF CONTENTS**

## Contents

<b>NOTICE OF CONFIDENTIALITY</b>	<b>8</b>
<b>CHAPTER 1 – COMPANY INFORMATION</b>	<b>10</b>
Who We Are	10
Team Background	11
Management / Organizational Chart	13
Why Are We Successful?	13
Flower Tent® Math 101	13
Company History	14
<b>CHAPTER 2 - COMPANY REQUIREMENTS</b>	<b>16</b>
Professional Services	16
Hiring an Accountant	16
U.S. Federal and State Accounting Requirements	16
Commercial Checking Account	18
Pre-Authorized Account	18
Pre-Authorized Forms	18
Deduction of Royalty, Advertising and Erply POS Fees	24
Withdrawals	24
Royalty, Advertising and Erply POS Fees Withdrawal Schedule	25
Insufficient Funds	25
Changing Your Pre-Authorized Bank Account	25
Sending Checks to Headquarters	26
Insurance	26
Requirements	26
Certificate of Insurance	27
Taxes	29
Sales Tax - United States	29
<b>CHAPTER 3 - LOCATIONS</b>	<b>31</b>
Finding and Leasing a Location	31
Location Allocation Policy	31
Characteristics of a Good Location	32
Analyzing a Potential Location	33

Break-Even Point	34
<b>Overview on Finding a Flower Tent® Location</b>	<b>36</b>
<b>The Leasing Process</b>	<b>36</b>
Identifying the Leasing Parties	37
Communicating with the Landlord	37
Initial Meeting with the Landlord	38
Additional information	39
Preliminary Negotiations with the Landlord	39
Further Lease Negotiations	40
<b>Lease Execution</b>	<b>40</b>
Commencement Dates	41
Renewals	41
Expiration Date vs. Renewal Date	41
Renewing Your Lease	42
Deciding Not to Renew	42
Early Lease Termination by the Landlord	42
Landlord/Tenant Disputes	42
Written Notices to the Landlord	42
Appendix A – Intent Letter	43
Appendix B – Sample Standard Lease	44
<b>FLOWER TENT®</b>	<b>44</b>
2023 LEASE AGREEMENT	44
<b>Zoning</b>	<b>45</b>
Appendix C – Sample Zoning	47
Appendix D – Permission Letter	48
<b>Relocation Policy</b>	<b>49</b>
Guidelines for Relocation	49
<b>CHAPTER 4 – ADMINISTRATION</b>	<b>50</b>
<b>Sales Reports</b>	<b>51</b>
Customer Invoice / Accounts Receivable	51
Vendor Purchase Orders / Accounts Payable Flow	51
<b>Relationship with Suppliers</b>	<b>52</b>
<b>Inventory Planning and Ordering</b>	<b>54</b>
Anticipated Sales	55
<b>CHAPTER 5 – ERPLY POINT OF SALE</b>	<b>58</b>
<b>Register</b>	<b>58</b>
<b>Erply Berlin POS and Back Office Set Up</b>	<b>76</b>
Enter:	76
Save	76

All users must be set up as employees	76
Owners / Administrators Franchisors	76
Save	76
<b>Set Up Locations and Registers</b>	<b>78</b>
<b>Inventory</b>	<b>78</b>
<b>Price Change for Individual Locations</b>	<b>80</b>
<b>Entering your Inventory</b>	<b>81</b>
<b>Purchases</b>	<b>81</b>
New purchase order	81
New purchase invoice	81
Create a product transfer	82
Create a product write off	82
Add a Reason Code	83
<b>Customers</b>	<b>84</b>
Settings	84
Add company or person	84
<b>Retail Chain</b>	<b>84</b>
<b>Price Change for Individual Locations</b>	<b>85</b>
Products With Special Prices	85
<b>Add new promotion</b>	<b>86</b>
<b>Day Openings and Closings</b>	<b>86</b>
<b>Edit POS Quick Selections</b>	<b>87</b>
<b>Reports</b>	<b>88</b>
Sales Reports	88
Z Report	89
<b>CHAPTER 6 - FLOWER TENT® PRODUCTS</b>	<b>90</b>
<b>Pricing Strategy</b>	<b>90</b>
<b>Approved Products</b>	<b>90</b>
Purchase Only Approved Products	90
<b>Approved Suppliers</b>	<b>90</b>
<b>Tent Operations</b>	<b>91</b>
Subcontractor Paperwork	91
Subcontractor Supplies	92
<b>Weekly Paperwork and Control Sheets</b>	<b>92</b>
Tent Location Paperwork	92

<b>Control Sheets</b>	<b>93</b>
Appendix E – Supplier “Example Cheat Sheet”	103
 <b>CHAPTER 7 – MARKETING</b>	 <b>104</b>
<b>The Importance of Advertising:</b>	<b>104</b>
<b>Grand Opening Suggestions</b>	<b>107</b>
Promoting Inside Your Flower Tent®	112
<b>Defining Your Franchise Area &amp; Target Group</b>	<b>116</b>
<b>Advertising Rules and Regulations</b>	<b>118</b>
Guarantees	133
 <b>CHAPTER 8 – EVALUATION AND COMPLIANCE</b>	 <b>138</b>
<b>Franchise Evaluation</b>	<b>138</b>
Record Reviews	142
<b>Compliance</b>	<b>141</b>
Correcting Non-Compliance	142
 <b>CHAPTER 9 – PERSONNEL</b>	 <b>144</b>
<b>HIRING SUBCONTRACTORS</b>	<b>144</b>
Step 3: Recruiting applicants	146
<b>Hiring Full or Part Time Employees</b>	<b>149</b>
Know the law	149
Job Descriptions	153
Recruiting applicants	156
Applications	158
The Interview	159
Making your Selection	162
Appendix F – Applications	166
Appendix G – Taboo Questions	171
 <b>CHAPTER 9 – DAILY TENT OPERATIONS</b>	 <b>171</b>
<b>Tent Help</b>	<b>171</b>
<b>Required Items</b>	<b>172</b>
<b>Deliveries</b>	<b>173</b>
<b>Tent Maintenance</b>	<b>176</b>
Cleaning and Safety Standards	176
<b>Display Maintenance</b>	<b>177</b>

<b>Inventory Procedures</b>	<b>178</b>
Sample Easter Inventory Sheet	180
Sample Spring Inventory Sheet	181
<b>Opening Procedures</b>	<b>182</b>
<b>Closing Procedures</b>	<b>183</b>
<b>Banking Procedures</b>	<b>184</b>
<b>Backup Change</b>	<b>185</b>
<b>Cash Handling Procedures</b>	<b>187</b>
Check Procedures	188
<b>Paperwork Procedures</b>	<b>189</b>
Deposit Slips	191
Credit Card Receipts and Batch Slips	191
Theft Slips	191
 <b>CHAPTER 10 – PLANT CARE</b>	 <b>193</b>
<b>Watering</b>	<b>193</b>
<b>General Plant Care</b>	<b>194</b>
<b>Care Guide</b>	<b>195</b>
<b>Plant Identification</b>	<b>200</b>
 <b>CHAPTER 10 - SAFETY AND SECURITY</b>	 <b>204</b>
<b>Safety Hazards</b>	<b>204</b>
<b>Cleaning Products</b>	<b>204</b>
Chemical Cautions	205
Material Safety Data Sheet	205
Label Substitute Containers	206
<b>Safety when choosing a Franchise location</b>	<b>206</b>
Visibility	206
Robbery Deterrence Signage	207
<b>Franchise Procedures</b>	<b>207</b>
Cash Box Recommendations	207
Cash Counting and Bank Deposits	208
Item Identification	208
Screening Staff/Key Control	208
Miscellaneous Procedures	208
<b>Security Training</b>	<b>209</b>
During a Robbery	210
General Guidelines	211



Guidelines for Specific Disasters	211
<b>Personal Harm and Injury</b>	<b>215</b>
Customer Incident Report	216
<b>Handling the Media</b>	<b>216</b>
What You Should Say	217
If the Media is Persistent	217
 <b>CHAPTER 11 – EQUIPMENT</b>	 <b>221</b>
<b>Décor</b>	<b>221</b>
<b>Logo Items</b>	<b>221</b>
<b>Signage</b>	<b>222</b>
Inside Signage	222
Outdoor Signage	222
Tri Pod Signage	223
How to Order Signs	224
Installation	224
<b>The Tent</b>	<b>224</b>
<b>Utilities and Equipment</b>	<b>225</b>
Utilities	225
Equipment	226
Appendix G – Franchisee Check List	227
Appendix H – Décor and Equipment List	228
Appendix I – Supplier Contact List	229
 <b>CHAPTER 12 - TENT LAYOUT</b>	 <b>230</b>
<b>Pallet Table Setup</b>	<b>235</b>
<b>Top Rack Setup</b>	<b>237</b>
<b>Tent Side Flaps and Signage</b>	<b>239</b>
<b>Floor Plan</b>	<b>241</b>
Easter Display Chart	242
Spring Display Chart	243
<b>Accessory Displays</b>	<b>246</b>
 <b>ENDING NOTE</b>	 <b>247</b>

**EXHIBIT G**

**STATE SPECIFIC ADDENDA TO THE FDD**

**Maryland**

**New York**

**Virginia**

**ADDITIONAL DISCLOSURES  
REQUIRED BY THE STATE OF MARYLAND**

1. **Item 5, Initial Franchise Fee.** The following section is added after the Section entitled “Initial Franchise Fee” in Item 5:

**Fee Deferral**

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 Single Unit Franchise Agreement. In addition, all initial fees and payments owed by franchisees shall be deferred until the first Franchised Business under the Multi-Unit Franchise Agreement opens.

2. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

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.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement provides for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101, *et seq.*).

3. **Item 22, Additional Disclosures.** The following statements are added to Item 22:

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.

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES  
REQUIRED BY THE STATE OF NEW YORK**

1. **State Cover Page, Additional Risk Factor:**

Flower Tent may, if it chooses, negotiate with you about items covered in the Franchise Disclosure Document. However, Flower Tent may not use the negotiating process to prevail upon a prospective franchisee to accept terms which are less favorable than those set forth in this prospectus.

2. **Item 3, Additional Disclosure.** Item 3 is deleted and replaced with the following:

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has any administrative, criminal, or a material civil or arbitration action pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has been convicted of a felony or pleaded nolo contendere to any other felony charge or, during the ten-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of 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.

Accordingly, no litigation is required to be disclosed in this disclosure document.

3. **Item 4, Bankruptcy.** The last sentence of Item 4 is deleted and replaced with the following sentence:

Neither Flower Tent nor any of its affiliates, predecessors, officers or general partners, during the 10-year period immediately before the date of this disclosure document: (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 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 the officer or general partner of Flower Tent held this position in the company or partnership.

4. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

Flower Tent will not assign its rights under the Franchise Agreement except to an assignee who in Flower Tent's good faith and judgment is willing and able to assume Flower Tent's obligations under the Franchise Agreement.

The New York Franchises Law requires that New York law govern any cause of action that arises under the New York Franchises Law.

The New York General Business Law, Article 33, Sections 680 through 695, may supersede any provision of the Franchise Agreement inconsistent with that law.

You must sign a general release upon renewal of the Franchise Agreement and in connection with any transfer under the Franchise Agreement. These provisions may not be enforceable under New York law.

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

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.

#### **ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURE REQUIRED BY THE COMMONWEALTH OF VIRGINIA**

**1. Termination, Item 17.** 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. Contracts, Item 22.** The following is added to Item 22:

No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

These Additional Disclosures 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 these Additional Disclosures.

**EXHIBIT H**

**STATE SPECIFIC ADDENDA TO THE SINGLE UNIT AND  
MULTI-UNIT FRANCHISE AGREEMENT**

**Maryland**

**New York**

**Virginia**

**ADDENDUM TO FLOWER TENT MULTI-UNIT FRANCHISE AGREEMENT  
REQUIRED FOR MARYLAND FRANCHISEES**

This Addendum to Flower Tent Multi-Unit Franchise Agreement dated \_\_\_\_\_  
("Franchise Agreement") between Flower Tent USA, Inc. ("Franchisor") and \_\_\_\_\_  
("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

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; **(C)** part or all of any Protected Territory is located in the State of Maryland; and/or **(D)** a Franchised Business will be located or operated in the State of Maryland.

2. The following sentence is added to the end of Section 6(a) (Initial Franchise Fee):

Based upon 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 first Franchised Business under the Multi-Unit Franchise Agreement opens.

3. The following sentence is added to the end of Sections 15(c)(4)(d) (Transfer) and 16(b)(4) (Renewal):

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to liability under the Maryland Franchise Registration and Disclosure Law.

4. The following sentence is added to the end of Section 24(b) (Jurisdiction):

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

5. The following sentence is added to the end of Section 24(d) (Limitation of Actions):

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

6. The following is added as Section 25(k) (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.

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. Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Franchise Agreement.
8. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

**IN WITNESS WHEREOF**, the parties have executed this Addendum, or caused this Addendum to be executed, as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**  
**FLOWER TENT USA, INC.**

By: \_\_\_\_\_  
Name: Thomas F. Ansilio, Jr.  
Title: President

**FRANCHISEE:**

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



**ADDENDUM TO FLOWER TENT SINGLE FRANCHISE AGREEMENT  
REQUIRED FOR MARYLAND FRANCHISEES**

This Addendum to Flower Tent Single Unit Franchise Agreement dated \_\_\_\_\_ (“Franchise Agreement”) between Flower Tent USA, Inc. (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

2. 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; **(C)** part or all of any Protected Territory is located in the State of Maryland; and/or **(D)** a Franchised Business will be located or operated in the State of Maryland.

2. The following sentence is added to the end of Section 6(a) (Initial Franchise Fee):

Based upon 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 Franchisor completes its pre-opening obligations under the Franchise Agreement.

3. The following sentence is added to the end of Sections 15(c)(4)(d) (Transfer) and 16(b)(4) (Renewal):

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to liability under the Maryland Franchise Registration and Disclosure Law.

4. The following sentence is added to the end of Section 24(b) (Jurisdiction):

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

5. The following sentence is added to the end of Section 24(d) (Limitation of Actions):

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

6. The following is added as Section 25(k) (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.

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. Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Franchise Agreement.
8. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

**IN WITNESS WHEREOF**, the parties have executed this Addendum, or caused this Addendum to be executed, as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**  
**FLOWER TENT USA, INC.**

By: \_\_\_\_\_  
Name: Thomas F. Ansilio, Jr.  
Title: President

**FRANCHISEE:**

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

**ADDENDUM TO THE FLOWER TENT SINGLE UNIT AND  
MULTI-UNIT FRANCHISE AGREEMENT  
REQUIRED FOR NEW YORK FRANCHISEES**

This Addendum to the Franchise Agreement dated \_\_\_\_\_ (“Franchise Agreement”) between Flower Tent USA, Inc. (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

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 New York; **(B)** Franchisee is a resident of the State of New York; **(C)** part or all of any Protected Territory is located in the State of New York; and/or **(D)** a Franchised Business will be located or operated 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 Sections 15(c)(4)(d) and 16(b)(4):  
  
Any provision in this Agreement requiring Franchisee to sign a general release of claims against Franchisor does not release any claim Franchisee may have under New York General Business Law, Article 33, Sections 680-695.
4. The following Section 15(f) is added to the end of Section 15(f):  
  
Franchisor will not transfer its rights under this Agreement, except to an assignee who in Franchisor’s good faith and judgment is willing and able to assume Franchisor’s obligations under this Agreement.
5. The following sentence is added to the end of Sections 11(h) and 18(e):  
  
Franchisor’s right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.
6. The following sentence is added to the end of Section 24(a):  
  
Notwithstanding the foregoing, the New York Franchises Law shall govern any claim arising under that law.
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.

[Signature Page to Follow]

**IN WITNESS WHEREOF**, the parties have executed this Addendum, or caused this Addendum to be executed, as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**  
**FLOWER TENT USA, INC.**

By: \_\_\_\_\_  
Name: Thomas F. Ansilio, Jr.  
Title: President

**FRANCHISEE:**

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

**ADDENDUM TO FLOWER TENT MULTI-UNIT FRANCHISE AGREEMENT  
REQUIRED FOR VIRGINIA FRANCHISEES**

This Addendum to Flower Tent Multi-Unit Franchise Agreement dated \_\_\_\_\_ (“Franchise Agreement”) between Flower Tent USA, Inc. (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

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 Commonwealth of Virginia; **(B)** part or all of any Protected Territory is located in the Commonwealth of Virginia; and/or **(C)** a Franchised Business will be located or operated in the Commonwealth of Virginia.
2. The following is added as Section 25(k):  
  
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.
3. Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Franchise Agreement.
4. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

**IN WITNESS WHEREOF**, the parties have executed this Addendum, or caused this Addendum to be executed, as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**  
**FLOWER TENT USA, INC.**

By: \_\_\_\_\_  
Name: Thomas F. Ansilio, Jr.  
Title: President

**FRANCHISEE:**

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

**EXHIBIT I**  
**GENERAL RELEASE**

## GENERAL RELEASE

THIS GENERAL RELEASE ("Release") is executed on \_\_\_\_\_ by \_\_\_\_\_ ("Franchisee") and \_\_\_\_\_ ("Guarantors") as a condition of transfer or renewal of the Flower Tent Multi-Unit Franchise Agreement dated \_\_\_\_\_ ("Franchise Agreement") between Franchisee and Flower Tent.

**1. Release by Franchisee and Guarantors.** Franchisee (on behalf of itself and its subsidiaries and affiliates) and Guarantors (on behalf of themselves and their heirs, representatives, successors and assigns) (collectively "Releasers") freely and without any influence forever release and covenant not to sue Flower Tent, its parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities, from 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"), that Releasers ever owned or held, now own or hold or may in the future own or hold, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, claims for contribution, indemnity and/or subrogation, and claims arising out of, or relating to the Franchise Agreement and all other agreements between Franchisee and/or any Guarantor and Flower Tent or its parent, subsidiaries or affiliates, 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.

**2. Risk of Changed Facts.** Franchisee and Guarantors understand that the facts in respect of which the Release in Section 1 above 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 shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

**3. No Prior Assignment.** Franchisee and Guarantors represent and warrant that the Releasers are the sole owners of all Claims and rights released hereunder and that Releasers have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1 above.

**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 above with respect to any Claim released under Section 1 above.

**5. Complete Defense.** Franchisee and Guarantors: **(i)** acknowledge that this Release shall be a complete defense to any Claim released under Section 1 above; and **(ii)** 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 Flower Tent and each Releaser.

**7. [For Maryland franchisees add this paragraph:]** This Release does not apply to claims arising under the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. §§14-201 – 14-233, or the rules adopted thereunder in accordance with Md. Code Ann., Bus. Reg. §14-206, Code of Maryland Regulations, Title 02.02.08.01 – 02.02.08.17.

**IN WITNESS WHEREOF**, Franchisee and Guarantors have executed this Release as of the date shown above.

**ATTEST:**

\_\_\_\_\_

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

**FRANCHISEE:**

\_\_\_\_\_

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

Title \_\_\_\_\_

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

**WITNESS:**

\_\_\_\_\_

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

**GUARANTOR:**

\_\_\_\_\_

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

**WITNESS:**

\_\_\_\_\_

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

**GUARANTOR:**

\_\_\_\_\_

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



**EXHIBIT J**  
**LIST OF FRANCHISEES**

## LIST OF FRANCHISEES AND LOCATIONS

The following is a list of our current franchisees and their locations as of December 31, 2023:

<b>FRANCHISEE***</b>	<b>ADDRESS</b>	<b>CITY</b>	<b>ST</b>	<b>ZIP</b>	<b>PHONE NUMBER</b>
Best Bloomin' Buds LLC Mary & Maddy Roberts	124 Woodhaven Way	Alpharetta	GA	30009	(864) 245-0131
DeBien Enterprises Amenah DeBien	3414 Culbreath Rd	Valrico	FL	33596	(813) 690-6656
Martroy Gardens Troy & Marta Davis	3501 S. 84 <sup>th</sup> St.	Omaha	NE	68124	(402) 871-6736
Martroy Gardens Troy & Marta Davis	1314 Pierce St.	Omaha	NE	68108	(402) 871-6736
Martroy Gardens Troy & Marta Davis	3424 N. 72 <sup>nd</sup> St.	Omaha	NE	68134	(402) 871-6736
Martroy Gardens Troy & Marta Davis	3320 N. 90 <sup>th</sup> St.	Omaha	NE	68134	(402) 871-6736
Martroy Gardens Troy & Marta Davis	806 Tara Plaza	Papillion	NE	68046	(402) 871-6736
Casimera Gardens Inc. Alicia Salazar	103 E. Woodlawn Ave	Elmira	NY	14901	(619) 830-0006
Cornerstone Consulting, LLC James & Brittney Pompa	1836 Catasauqua Road	Allentown	PA	18109	(610) 392-5356
Cornerstone Consulting, LLC James & Brittney Pompa	326 Walnut Street	Bath	PA	18014	(610) 392-5357
Cornerstone Consulting, LLC James & Brittney Pompa	2633 Easton Ave.	Bethlehem	PA	18017	(610) 392-5358
P & S Flowers, Inc. Paul & Sheila Koehler	1421 Rt. 209	Brodheadsville	PA	18322	(610) 360-3385
Orbin Enterprises, LLC d/b/a Northeast Flower Sales Tom & Kami Orbin	1333 Main Ave.	Dickson City	PA	18411	(570) 466-0730
P & S Flowers, Inc. Paul & Sheila Koehler	3332 Town Center Blvd	Easton	PA	18042	(610) 360-3375
P & S Flowers, Inc. Paul & Sheila Koehler	2465 Butler St.	Easton	PA	18042	(610) 360-3375
JKV Consulting LLC Jim Voitel	814 Bethlehem Pike	Flourtown	PA	19031	(717) 487-2689
RT. 443 Flowers, LLC Barbara Zehner	35 Blakeslee Blvd. Dr. E.	Lehighton	PA	18235	(484) 464-3106

<b>FRANCHISEE***</b>	<b>ADDRESS</b>	<b>CITY</b>	<b>ST</b>	<b>ZIP</b>	<b>PHONE NUMBER</b>
RT. 443 Flowers, LLC Barbara Zehner	1102 Blakeslee Blvd., E.	Lehighton	PA	18235	(484) 464-3107
Lehman Consulting Services Bill & Gloria Lehman	7445 West Branch Highway, Route 15	Lewisburg	PA	17837	(570) 974-9359
Orbin Enterprises, LLC d/b/a Northeast Flower Sales Tom & Kami Orbin	504 Route 6	Mayfield	PA	18433	(570) 466-0731
Cornerstone Consulting, LLC James & Brittney Pompa	6806 Route 309	New Tripoli	PA	18066	(610) 392-5360
Cornerstone Consulting, LLC James & Brittney Pompa	21 <sup>st</sup> & Laubach St	Northampton	PA	18067	(610) 392-5359
Cornerstone Consulting, LLC James & Brittney Pompa	3752 Route 309	Orefield	PA	18069	(610) 392-5361
P & S Flowers, Inc. Paul & Sheila Koehler	989 Pennsylvania Ave	Pen Argyl	PA	18072	(610) 360-3377
Orbin Enterprises, LLC d/b/a Northeast Flower Sales Tom & Kami Orbin	733 Davis St.	Scranton	PA	18505	(570) 466-0729
Lehman Consulting Services Bill & Gloria Lehman	1919 S. Atherton St., (Bus Route 322)	State College	PA	16801	(570) 974-9367
P & S Flowers, Inc. Paul & Sheila Koehler	500 Stroud Mall	Stroudsburg	PA	18360	(610) 360-3376
Lehman Consulting Services Bill & Gloria Lehman	1018 N. 4 <sup>th</sup> St.	Sunbury	PA	17801	(570) 974-9356
Orbin Enterprises, LLC d/b/a Northeast Flower Sales Tom & Kami Orbin	833 Gold Mile Rd	Towanda	PA	18705	(570) 466-0736
Cornerstone Consulting, LLC James & Brittney Pompa	7370 Hamilton Blvd	Trexlerstown	PA	18087	(610) 392-5363
Orbin Enterprises, LLC d/b/a Northeast Flower Sales Tom & Kami Orbin	161 W. Tioga St.	Tunkhannock	PA	18657	(570) 466-0734
Cornerstone Consulting, LLC James & Brittney Pompa	121 Best Avenue	Walnutport	PA	18088	(610) 392-5362
Lehman Consulting Services Bill & Gloria Lehman	1954 E. 3 <sup>rd</sup> Street	Williamsport	PA	17701	(570) 974-9358

\*\*\*All franchisees listed above are Multi-Unit Franchisees

### LIST OF FRANCHISEES WHO HAVE NOT YET OPENED

As of December 31, 2022, the following franchisees have signed Franchise Agreements but have not yet opened any locations under their Franchise Agreements.

None

### LIST OF FRANCHISEES THAT TRANSFERRED OR CLOSED A FRANCHISED OUTLET

The following franchisees transferred their Franchise Agreement, had their Franchise Agreement terminated, canceled or not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during fiscal year 2022:

FRANCHISEE	ADDRESS	PHONE NUMBER
Moldhounds, LLC Sung Kwon	2300 Frederick Road, Catonsville, MD 21228	(410) 336-9090
JKV Consulting, Inc James Voitel	2961 Swede Rd. E. Norriton, PA 19401	(717) 487-2689
Lehman Consulting Services Bill & Gloria Lehman	284 Hogan Blvd Mill Hall, PA 17751	(570) 974-9359
Lehman Consulting Services Bill & Gloria Lehman	501 N. Third St. Shamokin, PA 17872	(570) 974-9359
P & S Flowers, Inc. Paul & Sheila Koehler	6663 Sullivan Trail Wind Gap, PA 18091	(570) 360-3384

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

**EXHIBIT K**  
**STATE EFFECTIVE DATES**

### **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 L**  
**RECEIPTS**

## RECEIPT

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 Flower Tent USA, 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 a payment to, Flower Tent USA, Inc. or its affiliate in connection with the proposed franchise sale. New York requires Flower Tent USA, Inc. to give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Flower Tent USA, 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 agency listed on Exhibit D.

The franchisor is Flower Tent USA, Inc. located at P.O. Box 1675, Kingston, PA 18704 (physical address: 12 Apollo Drive, West Wyoming, PA 18644), telephone 1-877-356-9700.

Issuance date: April 29, 2024

The franchise sellers for this offering are (please check each seller): ☐ Thomas F. Ansilio, Jr., Co-Founder and President, ☐ Timothy P. Ansilio, Co-Founder and Vice President, ☐ Michele Mleczynski, Operations Manager, ☐ and Flower Tent USA, Inc., P.O. Box 1675, Kingston, PA 18704, 1-877-356-9700 and ☐ Sandra MacIver, Self Employed Franchise Development Specialist, 785 Abingdon, MD 21009, 410-804-9446 and \_\_\_\_\_ [List any other franchise sellers involved in the sale].

Flower Tent USA, Inc. authorizes the respective state agencies identified on Exhibit D to receive service of process for it in the particular state.

I received a disclosure document dated April 29, 2024. The disclosure document included the following Exhibits:

- |  |   |
|--|---|
| A. Financial Statements                | H. State Specific Addenda to the Single |
| B. Single Unit Franchise Agreement     | Unit and Multi-Unit Franchise           |
| C. Multi-Unit Franchise Agreement      | Agreement                               |
| D. Form of Confidentiality Agreement   | I. General Release                      |
| E. State Administrators and Agents for | J. List of Franchisees                  |
| Service of Process                     | K. State Effective Dates                |
| F. Manual Table of Contents            | L. Receipts                             |
| G. State Specific Addenda to the FDD   |   |

Date of Receipt: \_\_\_\_\_

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City, State

\_\_\_\_\_  
Zip Code

**Please execute both Receipts and return one copy to Flower Tent USA.**



## RECEIPT

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 Flower Tent USA, 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 a payment to, Flower Tent USA, Inc. or its affiliate in connection with the proposed franchise sale. New York requires Flower Tent USA, Inc. to give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Flower Tent USA, 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 agency listed on Exhibit D.

The franchisor is Flower Tent USA, Inc. located at P.O. Box 1675, Kingston, PA 18704 (physical address: 12 Apollo Drive, West Wyoming, PA 18644), telephone 1-877-356-9700.

Issuance date: April 29, 2024

The franchise sellers for this offering are (please check each seller): ☐ Thomas F. Ansilio, Jr., Co-Founder and President, ☐ Timothy P. Ansilio, Co-Founder and Vice President, ☐ Michele Mleczynski, Operations Manager, ☐ and Flower Tent USA, Inc., P.O. Box 1675, Kingston, PA 18704, 1-877-356-9700 and ☐ Sandra MacIver, Self Employed Franchise Development Specialist, 785 Abingdon, MD 21009, 410-804-9446 and \_\_\_\_\_ [List any other franchise sellers involved in the sale].

Flower Tent USA, Inc. authorizes the respective state agencies identified on Exhibit D to receive service of process for it in the particular state.

I received a disclosure document dated April 29, 2024. The disclosure document included the following Exhibits:

- |  |   |
|--|---|
| A. Financial Statements                | H. State Specific Addenda to the Single |
| B. Single Unit Franchise Agreement     | Unit and Multi-Unit Franchise           |
| C. Multi-Unit Franchise Agreement      | Agreement                               |
| D. Form of Confidentiality Agreement   | I. General Release                      |
| E. State Administrators and Agents for | J. List of Franchisees                  |
| Service of Process                     | K. State Effective Dates                |
| F. Manual Table of Contents            | L. Receipts                             |
| G. State Specific Addenda to the FDD   |   |

Date of Receipt: \_\_\_\_\_

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City, State Zip Code

**Please execute both Receipts and return one copy to Flower Tent USA.**