FRANCHISE DISCLOSURE DOCUMENT

2024

NuYo® Frozen Yogurt, Inc.
a California corporation

®

120 5th Street
Encinitas, California 92024
(916) 297-1880
www.nuyofrozenyogurt.com

FRANCHISE DISCLOSURE DOCUMENT
("DISCLOSURE DOCUMENT")

FOR
PROSPECTIVE FRANCHISEES/LICENSEES

NuYo® Frozen Yogurt, Inc.
A California Corporation

120 5th Street
Encinitas, California 92024
(916) 297-1880
nuyofranchise@hotmail.com
www.nuyofrozenyogurt.com

You will operate NuYo® Frozen Yogurt retail store ("Store") through a license granted to you by NuYo® Frozen Yogurt, Inc., under the NuYo® Marks and using the NuYo® system.

The total investment necessary to begin operation of a NuYo Frozen Yogurt franchise ranges from $189,000 to $441,000. This includes the initial franchise fee of $40,000, a training fee of $7,500, a Store design fee of $5,000 and, if required, a store build-up support fee of $10,000, all of which must be paid to the Franchisor or affiliate. The aforementioned approximations include all initial fees as required to be paid by the franchisor or affiliate at Item 5 of the Franchise Agreement.

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 fourteen (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.**

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission (the "FTC"). 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 for additional information. Call your state agency or visit your public library for other sources of information on franchising.

Issuance date: March 12, 2024

STATE COVER PAGE

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

What You need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling in the state. Registration does not mean that 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 by 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

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

2. **Mandatory Minimum Payments.** You must make minimum royalty and advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

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FRANCHISE DISCLOSURE DOCUMENT

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

The Franchisor is NuYo® Frozen Yogurt, Inc., a California corporation. To simplify this Franchise Disclosure Document "Franchiser," " NuYo® Frozen Yogurt," "We," "Our," or "Us," refers to NuYo® Frozen Yogurt, Inc., when appropriate. "You," "franchisee" or "licensee" means the person or business entity that purchases a franchise from us and includes the owners, members or partners of any corporation, limited liability company, partnership or other business entity. If you are a business entity your owners, members, and/or partners will be required to sign a separate agreement stating that all the provisions of the Franchise Agreement also apply to each of them individually.

NuYo® Frozen Yogurt, Inc. was incorporated in California under the name Pure Frozen Yogurt, Inc. on January 2, 2008, and later amended its Articles of Incorporation to change its name to NuYo® Frozen Yogurt, Inc. on April 25, 2008. Our principal place of business is 120 5th Street Encinitas, CA 92024. We opened our first company owned Store in Chula Vista, California, in 2008, and operated it continuously until 2011, at which time the Store was sold to a franchisee. In 2011, we relocated our principal place of business to 5905 Granite Lake Drive, Suite 110, Granite Bay, CA 95746, then in 2022 we relocated our business to 120 5th Street, Encinitas, CA, while maintaining all administrative service responsibilities together with all intellectual property related to the name NuYo® Frozen Yogurt.

Under the franchise which we offer, you will operate a food services business consisting of a NuYo® Frozen Yogurt Store, which offers several flavors of frozen yogurt and other menu items for on-premises consumption and carryout. You will operate the Store under NuYo® Mark and using the NuYo® system. We began marketing franchises in January of 2010.

As a franchisee, you will use our NuYo® marks to sell self-serve frozen yogurt to the general public. Your store is designed to feature an upscale yogurt shop look with indoor seating or take out services, custom designed interiors, furniture and fixtures. Specially designed uniforms and wearing apparel complement the yogurt shop look. Our concept gives customers a wide selection of yogurt flavors and other menu items. You will use our system including marketing techniques, trade secrets, and recipes.

Your general market is any person who likes yogurt. Specialty yogurt stores are highly competitive. You will compete with other retail yogurt stores and frozen dessert stores as well as yogurt products sold at grocery and other retail stores.

Other than as disclosed above, as of the date of this Franchise Disclosure Document, NuYo® Frozen Yogurt does not conduct any other businesses, has not conducted business in any other line of business, has not offered or sold franchises in any other line of business and has not done business under any name other than NuYo® Frozen Yogurt.

If you have any questions or concerns, or if anything presented in this Disclosure Document or the Franchise Agreement is unclear, please ask us, your advisors, the California Department of Financial Protection and Innovaton (addresses and phone numbers are provided below), or any applicable state administrative agencies, as set forth on Exhibit E of this Disclosure Document, before making the decision to purchase a franchise from us.

California Department of Financial Protection and Innovation:

1. Los Angeles: 320 West 4th Street, Suite 750, Los Angeles, CA, 90013-2344 [phone: 213 576-7500]; or
2. Sacramento: 2101 Arena Blvd., Sacramento, CA 95834 [phone: 916 445-7205]
3. San Francisco: One Sansome Street, Suite 600, San Francisco, CA 94104-4428 [phone: 415 972-8559]
4. San Diego: 1350 Front Street, Room 2034, San Diego, CA 92101-3697 [phone: 619 525-4233]

There are many federal, state and local laws, rules, regulations, and ordinances which may apply to your Store, including those concerning construction, design and maintenance of the Store premises; health and sanitation requirements applicable to restaurant businesses; employee practice regulations concerning the storage, handling, cooking and preparation of food and dairy products; restrictions on smoking; availability and cleanliness of restrooms; employee health and safety; fire safety and emergency preparedness; and the use, storage and disposal of waste, insecticides, and other hazardous materials.

It is your responsibility to obtain all applicable federal, state and local business licenses and/or permits as required and to follow all applicable federal, state and local laws and regulations, including but not limited to, the Americans With Disabilities Act (“ADA”), the Civil Rights Act of 1964, the Family Medical Leave Act of 1994, and the Occupational Safety and Health Administration (“OSHA”) guidelines together with any other laws and regulations which apply to businesses in general. You and/or a manager of your Store must complete our initial training course and any periodic refresher training courses as described in or required by the Franchise Agreement.

ITEM 2.
BUSINESS EXPERIENCE

The following is a list of all directors, trustees and/or general partners, principal officers or any other individuals who will have management responsibility relating to the sale and/or operation of the franchises and franchises licenses described in this document:

1. Mackenzie Harder ("Harder") – Mr. Harder has been the President, Secretary, CEO and Director of NuYo® Frozen Yogurt, Inc., since its incorporation on January 2, 2008. Mr. Harder opened and operated the original NuYo® Frozen Yogurt on Telegraph Canyon Road in Chula Vista from January 10, 2008, until its sale to a franchisee on November 29, 2011. Mr. Harder has overseen the operations of the NuYo® Frozen Yogurt company-owned outlets located on Olympic Parkway, Chula Vista, California, and on East Bidwell, Folsom,

California from May 1, 2008 until their sale to franchisees on December 1, 2013 and September 3, 2013, respectively. Mr. Harder has overseen the operations of the NuYo® Frozen Yogurt company-owned outlet located on Sierra College Boulevard, Roseville, California, from May 28, 2008 until its sale to a franchisee on September 24, 2013.

2. Julia Harder – In 2023 Julia Harder has become the NuYo Frozen Yogurt CFO. Julia has a solid understanding of financial details and has had a behind the scenes role assisting in the NuYo Frozen Yogurt organization since 2008. Julia's prime responsibilities will be accounting, marketing allocation and record keeping, royalty collection and she will assist in day-to-day operations.

ITEM 3.
LITIGATION

There is no litigation required to be disclosed in this item.

ITEM 4.
BANKRUPTCY

No bankruptcies are required to be disclosed in this item.

ITEM 5.
INITIAL FEES

All licensees are required to make a lump sum payment, up front, in the amount of $40,000 as a franchise fee upon signing the Franchise Agreement. There will be no refunds of this initial franchise fee under any circumstances.

You must also pay a non-refundable training fee of $7,500, payable no later than one week before the start of our initial training course. This fee includes initial training for up to two (2) persons (which may be the Franchisee and a manager, two managers or the Franchise and the Franchisee's spouse). Training for additional person(s) will be provided upon request at a cost of $2,500 for each additional person as requested.

You will also be required to pay a one-time fee of $5,000 before commencing the design of your Store to receive our preliminary floor plan layout and prototype design development package.

There is a store build-up support fee in the amount of $10,000 plus any out-of-pocket costs we incur (such as travel, government fees, etc.) relating to build-up support of your Store. If this support is required, you will be required to pay this fee. This fee is due on demand and is non-refundable.

You will be required to purchase certain initial supplies, inventory, proprietary products, equipment and fixtures from us or from another preapproved supplier. These purchases must be made prior to opening the franchise. At the present time none of these purchases are made from us.

We do not provide or offer any refunds of the initial fees paid to us. We do not currently offer any financing for the payment of any initial franchise fees or for any equipment, supplies, or products that you may be required to purchase from us. All initial franchise fees as described in this Disclosure Document are uniform for all new franchisees.

ITEM 6.
OTHER FEES

Type of Fee	**Amount**	**Due Date**	**Remarks**
Royalty Fees[4]	6% of Gross Sales or $2,000 per month, whichever is higher/6.5% of Gross Sales or $2,500 per month, whichever is higher, if your royalty payments are received late	The base royalty ($2,000) is due on the 15th of each month for that calendar month. Any balance owing is due and payable by the 5th calendar day of each month on account of Gross Sales derived in the prior month.	The royalty fee is due monthly.
Marketing Fund Fee[4]	2% of Gross Sales with minimum of $800 per month/2.5% of Gross Sales or $1,000 per month, whichever is higher, if your marketing fee payments are received late	The base Marketing Fund Fee ($800) is due on the 15th of each month for that calendar month. Any balance owing is due and payable by the 5th calendar day of each month on account of Gross Sales derived in the prior month.	The marketing fee is due monthly.
Local Marketing Fee[4]	2% of Gross Sales with minimum of $800 per month.	The Local Marketing Fee is the minimum amount to be spent each month on local advertising for that calendar month.	The Local Marketing Fee is to be spent monthly.
Cooperative Advertising fees (if and when established)[2,4]	2 to 5% of Gross Sales as imposed by the cooperative	Due and payable pursuant to guidelines established by the cooperative	This fee applies if an advertising cooperative is established in your area.
Additional Training	$200 to $500 per program	Before training	You pay this fee for each person who attends our periodic training seminars.
Additional Manager Training	$2,500 per person	Before training	You pay this fee when we train any additional managers (after the initial training).

Product purchases	Varies	On demand	This fee is for products you buy from us.
Audit Fee[3]	Cost of audit approx $5,000-$12,000	On demand	Payable if our audit of you discloses under reporting of royalties or other fees in the amount of 3% or more for any month or longer.
Transfer Fee	$5,000	Before any assignment, sale or transfer of the franchise	Required to evaluate your proposed transferee/assignee.
Late Charge	Lesser of 16% per year or maximum rate allowed by law	On demand	Payable if you fail to pay fees or other amounts when due.
Renewal Fee	$5,000	Before renewal is effective	Payable when agreement renewed for additional 5 years.
Liquidated damages/deviation from standard	$1,000 per breach and $1,000 for each day that the breach continues or occurs, up to a maximum of 30 days or $30,000	Each discovery	If you fail to adhere to our standards, in addition to our other remedies we can charge you these liquidated damages.
Insurance	Amount of unpaid premium	On demand and as incurred	Payable if you fail to maintain required insurance coverage and we elect to obtain coverage for you.
Management Fee	10% of Gross Sales with minimum of $4,500 per month	On demand	Payable if we elect to manage your Store pending our purchase of assets of your Store or if we take over your Store because of harm to our marks, system, or danger to public safety.
Supplier Evaluation Fee	$500 to $1,500	On demand	Payable if you want us to evaluate a proposed new supplier for any goods or services.
Used Equipment Evaluation Fee	$200 per piece of equipment	On demand	Payable if you want us to evaluate a proposed piece of used equipment for purchase for your location. Our approval does not reflect a guarantee of the equipment's performance.
Promotional Materials	Cost to produce materials, including reasonable fees for overhead, shipping,	When materials are ordered	We will provide you with promotional materials we prepare. You reimburse us

	handling and storage charges $100-$5,000		for all expenses associated with these materials.
Brokerage Fee	Industry standard brokerage fee	On demand	If we assist you in selling your Store, you pay us a brokerage fee.
Insufficient Funds Fee	$100	On demand	If we debit your bank account electronically and there are insufficient funds, we will assess a fee of $100 to compensate us for our costs associated with the returned payment.
Indemnification	Actual Cost	As incurred	You must defend us and reimburse us if we are named in any lawsuit and/or held liable for claims arising out of the Store's operations.

NOTE 1. Except as otherwise stated in this Disclosure Document, all fees are non-refundable and payable to us.

NOTE 2. As of March, 2024, we have not established any purchasing or advertising cooperatives. Accordingly, franchisor owned Stores did not have any voting rights as to any fees imposed by such cooperatives.

NOTE 3. "Under-reporting" means your sales report did not disclose to us all sales made at your Store location.

NOTE 4. "Gross Sales" means all sums or other valuable consideration received at your Store location from all sales and/or other transactions for goods and services provided whether paid by cash, check, credit, barter or otherwise. Gross Sales do not include refunds to customers or any sales taxes separately itemized collected for payment to a federal, state or local taxing authority and thereafter paid to such authority.

NOTE 5. You will be required to sign any bank authorizations as requested by us to allow us to debit payment for any royalties, fees, charges, product purchase payments or other amounts due to us directly from your bank account or credit card.

NOTE 6. You agree to indemnify us against any action, claim, litigation or damages arising out of or in connection with any actions or omissions of you or any of your employees in connection with the operation of your Store.

ITEM 7.
YOUR ESTIMATED INITIAL INVESTMENT

The following table includes estimated cost ranges for expenditures associated with the initial start-up of your business:

Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Paid**
Initial franchise fee	$40,000	Lump Sum	At signing of Franchise Agreement	Franchisor
Training fee	$7,500	Cash	One week before training	Franchisor
Travel and living expenses while training	$500-$5,000	Cash	Before opening	Airline, hotel, restaurants
Travel and living expenses for our staff to provide on-site opening assistance	$500-$3,000	Cash	On demand	Franchisor
Travel and living expenses for site selection	$0-$1,000	Cash	On demand	Airline, hotel, restaurants
Rent & lease deposit[2]	$3,000-$20,000	Lump Sum	Before opening	Landlord
Utility deposits	$300-$2,000	Cash	Before opening	Utility companies
Design plans	$5,000	Cash	Before opening	Franchisor
Leasehold improvements	$25,000-$81,000	Cash	Before opening	Third party contractors
Signs (indoor and outdoor)	$3,000-$17,000	Cash	Before opening	Supplier or us
Furniture and fixtures	$14,000-$31,500	Cash	Before opening	Franchisor and supplier
Equipment[3]	$59,000-$158,000	Will vary	Will vary	Franchisor or supplier
POS cash registers[3]	$2,500-$3,500	Lump sum	Before opening	Supplier or us
Music subscription	$300-$1,000	As incurred	Initial payment due before opening	Franchisor or supplier
Opening Inventory	$4,000-$7,500	Cash	Before opening	Franchisor, our affiliates or suppliers
Permits, licenses and approval process for business/building	$5,500-$11,500	Cash	Before opening	Municipality

and Health Depts.				
Insurance[5]	$1,500-$2,000	Cash	Before opening	Insurance company
Opening advertising[6]	$6,500-$8,000	Cash	Before opening	Various advertising vendors
Professional advisor	$1,200-$5,500	Cash	As needed	Will vary
Store build-up support fee	$0-$10,000 plus reimbursement for our actual out-of-pocket costs	Cash	On demand if needed	Franchisor
Additional funds-first 3 months of operations[7]	$10,000-$20,000	Cash	As needed	Various
TOTAL[8,9]	$189,000-$441,000	Cash	On demand	Franchisor

NOTE 1. It is difficult to determine exactly what costs might be for a certain item; therefore, the amounts above reflect approximated costs based upon our prior experience. Actual costs may vary widely between different geographic locations, building conditions, size of your Store and other variables. You are responsible for payment of all expenditures listed above. No adjustment has been made for inflation, debt services or interest payments on borrowed money all of which are important factors for you to consider. Unless specifically noted, none of the initial investment expenses as listed above are refundable. Unless otherwise noted, we do not provide any financing for your initial investment.

NOTE 2. If you do not own adequate facility site space, you must lease the land and building to operate the store. Table shows estimated cost for rent payments to the owner of the facility where your franchise is located. This estimate assumes rent for approximately three (3) months, security deposit and last month's rent. Your actual rent may vary significantly. Rental expenses for your facility may vary, based on location, square footage, age and condition of the structure, lease arrangements and other factors. The typical NuYo® store will be approximately 1,150 - 1,700 square feet. The high estimate assumes your Store is in a high cost rental market.

NOTE 3. Equipment you must purchase includes refrigerator, freezer, frozen yogurt machines, shaved ice machines, toppings cooler, locker, blender, clock, and point of sale ("POS") cash register. Additional items may be necessary. Furniture you must purchase includes tables, chairs, lighting, and wall decorations to be used in the customer area of the Store. Fixtures you must purchase and install include hand sink, prep-sinks, three-compartment sink and sink guards. The cost of equipment and fixtures depends on financing terms available, the size of the facility, brands purchased, condition of equipment and other factors. All equipment, furniture, fixtures and similar items must be purchased from us or our designated suppliers.

NOTE 4. This amount reflects an estimated initial deposit for any required insurance. The actual amount will vary depending on coverage amounts, deductibles, exclusions and inclusions in the policy or policies, and other factors of insurability as determined by the individual insurance provider. Insurance premiums may vary based on sales. You must obtain general liability insurance coverage, including contractual liability and advertising injury coverage, of at least $2,000,000 aggregate. The polices must name us as an additional insured party and have a deductible not more than $10,000. You must also obtain self-insurance; fire and casualty insurance on the Store and your property; business interruption insurance; and worker's compensation, employer's liability, unemployment and state disability insurance as required by law. We have the right to revise our requirements for insurance coverage and coverage amounts from time to time as we see necessary.

NOTE 5. Beginning two months before opening, and continuing for the first six (6) months of operations, you must spend at least $2,000 per month to advertise for your Store.

NOTE 6. Additional Funds are the minimum recommended levels to cover operating expenses, including employees' salaries for three (3) months. These figures include estimated payroll costs. We have not included the salary for the store manager in this figure on the assumption that you will manage the store.

NOTE 7: We have used and relied upon our experience in this business to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase a franchise. The above figures are only estimates.

ITEM 8.
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We have spent considerable time, effort and money to develop the NuYo® System. The distinguishing characteristics of our System, our reputation, good will, high standards and uniformity of NuYo® stores are considered to be important to our success. You must conform to our high and uniform standards of quality, safety, cleanliness, appearance and service. Accordingly, you must purchase and/or install any and all equipment, interior layout and design items, furniture, fixtures, office equipment and signage in accordance with our specifications; all items bearing our trademark or copyright must be purchased from us or other sources designated or approved by us; and all NuYo® stores must meet the construction, appearance and equipment standards in our current Operating Manual or other written directive. We will provide you with a list of approved companies and contractors for these purposes. Neither the Franchisor nor any officer of the Franchisor owns an interest in any supplier to the franchise system.

All food ingredients, materials and equipment required for the operation of your business and other items to be sold by you must be purchased solely from approved suppliers that meet our specifications. These specifications are provided to you before the commencement of operations. We will use our best judgment in setting and modifying specifications to maintain quality and integrity of the franchise system, including specifications for performance, quality, design and appearance. Although you may be able to take advantage of certain benefits of economies of scale by ordering from us, you may order from any approved source.

The recipes, formulations, and specifications of all NuYo® products are trade secrets belonging exclusively to us. You must purchase all yogurt, drink base mixes, powders and other items for the preparation of NuYo® products from us or our designated supplier as specified in the confidential operations manual ("Operations Manual").

We and our approved suppliers are the sole providers of the NuYo® yogurt base, paper cups, boxes, t-shirts and other items which use our trademark. Other supplies are also provided by approved suppliers. Purchases of unapproved products or from unapproved vendors in violation of the Franchise Agreement will entitle us, among other things, to terminate your Franchise Agreement. We try to negotiate favorable pricing arrangements with our suppliers for your benefit. We will supply you with our list of suggested and preferred suppliers. Besides Franchisor and Franchisor affiliates, there are no approved suppliers in which any of our officers owns an interest.

You must purchase the POS cash register and software chosen or designed by us. You are required to purchase, to service and to maintain the POS system at your own cost. We require that your POS system connect electronically and that it provide electronic access to us.

Except for certain trademark, copyright and private label items and designated source items as set forth above, if you desire to use a particular supplier and that supplier meets our specifications and requirements, you must submit to us a written request for approval of the supplier, or request that the supplier submit such a request itself. We may require you or the supplier to provide additional information at our request before we decide whether or not to designate such supplier as an approved supplier.

We use the following general criteria to determine whether a supplier will be designated by us as an approved source: (1) the ability of the supplier to make the product consistent with our standards and specifications; (2) a willingness by the supplier to cooperate and work with you and other licensees; (3) the supplier's production and delivery capabilities; (4) the financial condition of the supplier, and (5) the suppliers' professional competence and performance abilities. When approving a supplier, we take into consideration the system as a whole, which means that certain franchisees may pay higher prices than they could receive from another supplier that it not approved. We will approve, disapprove or request more information from you within fifteen (15) business days of receiving a request for approval of a supplier.

We may, at any time, make changes or alterations in the standards, qualifications and requirements as used by us in the determination process of approved suppliers. As we assess consumer preferences and trends in the marketplace and develop new marketing techniques, products, and services, we anticipate that we will formulate and modify our standards and specifications and revise our list of approved suppliers. We will notify you of these developments through amendments to our Operations Manual, newsletters, or other bulletins. You are expected to adhere to these changes.

We may derive revenue through a mark-up in prices we charge to you or a fee or other compensation we may receive from the suppliers of goods, services or leases. We are entitled to the benefit of discounts, volume rebates, administration fees, commissions, advertising allowances or other advantages which we may obtain from any person supplying products or services to you or to other franchisees. Currently, the franchisor has a small allotment of 32 oz cups that they purchased in bulk. For those franchisees that chose to not buy their cups in advance, there is a small markup when the franchisee orders these cups.

We anticipate your purchases from us and our affiliates as suppliers to consist approximately of one to two percent (1%-2%) or more of the expenses you will incur during the start-up of your business and approximately one percent (1%) or more of your ongoing operating expenses thereafter.

Other than as specified above or elsewhere in the Franchise Agreement, there is no obligation for you to purchase or lease any goods, services or real estate from us, our affiliates or our designated sources.

ITEM 9.
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

	Obligation	Section in Franchise Agreement or in Document Named	Item in Disclosure Document
a.	Site selection, acquisition, and lease	Sections 9.1, 9.2, 9.3, 9.4, 9.6; Sublease	Item 11, 17
b.	Pre-opening purchases/leases	Sections 8.9, 8.12,8.23, 9.6	Items 6, 7 and 8
c.	Site development and other pre-opening requirements	Sections 1.2, 7.6, 8.9, 8.15, 8.17, 8.20, 8.22, 9.2 to 9.4, 9.6 Sublease	Items 7 and 11,17
d.	Initial and on-going training	Section 5	Items 6, 7 and 11
e.	Opening	No specific deadline	Items 11
f.	Fees	Sections 5.7, 5.8, 6.1, 7, 8.17, 9.2, 10.3, 10.9(c), 12.3	Items 5, 6, 7, 11
g.	Compliance with standards and policies/Operations Manual	Sections 1.3, 4, 8.1-8.16, 8.17-8.25, 9.2, 9.6, 10	Items 8 and 11
h.	Trademarks and proprietary information	Sections 1.3, 1.4, 3	Items 13 and 14
i.	Restriction on products/services offered	Sections 6.5, 8.1, 8.3, 8.5, 8.7, 8.12, 8.13, 8.15, 8.24, 8.26, 9.6.	Items 16
j	Warranty and customer service requirement	Section 8.8, 8.16	Items 11
k	Territorial development and sales quotas	Section 2	Item 12
l.	On-going products/service purchases	Sections 8.1, 8.2, 8.9, 8.12 8.13, 8.23, 8.24, 10.3	Items 8
m.	Maintenance, appearance and remodeling requirements	Sections 4.5, 8.3, 8.7, 8.18, 8.19, 9.2, 9.3, 10.3	Items 11
n.	Insurance	Sections 8.17	Items 7
o.	Advertising	Sections 6, 7.5-7.7	Items 6, 11
p.	Indemnification	Sections 8.17(B), 13.1 Sublease Section 11	Items 6
q.	Owner's participation/management/staffing	Sections 8.2-8.4	Items 11 and 15
r.	Records/reports	Sections 8.10, 8.11	Item 6
s.	Inspections/audits	Sections 7.11-7.12	Items 6 and 11
t.	Transfer-	Sections 7.8, 12 Sublease Section 8	Item 17
u.	Renewal	Sections 7.9, 10.2-10.4	Item 17
v.	Post-termination obligations	Section 10.9 Sublease Section 9	Item 17

w.	Noncompetition covenants	Sections 11.4 Guaranty Paragraph 3	Item 17
x.	Dispute resolution	Section 22.4-22.6	Item 17
y.	Noncompetition and nondisclosure requirements for your managers	Sections 11.2, 11.6 Noncompetition and Nondisclosure Agreement	Item 17

ITEM 10.
FINANCING

We do not offer any direct or indirect financing. We will not guarantee your financing obligations or any of your promissory notes, bank loans, leases or any other obligations.

ITEM 11.
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

Pre-opening Obligations

We will approve or disapprove of your choice of franchise site within ten (10) days after we receive notice of the location. If we cannot come a mutual agreement with you regarding a suitable Store location within thirty (30) days of our initial disapproval of your first location choice, either party may choose to terminate the Franchise Agreement. If you submit a site to us for our consideration, you must provide us with all required information about the site. You must not sign a lease for a site before we approve it, unless we condition our approval of the site on the signing of a lease.

In evaluating your choice of franchise location, we may consider many factors, including but not limited to, size, appearance, physical characteristics of the premises, demographic characteristics, traffic patterns, parking, accessibility, visibility, signage permitted by the landlord, competition from other businesses in the area and other commercial characteristics. Each site is considered individually.

After the lease for your Store is signed, you must hire and use at your own expense a licensed architect or general contractor to conduct a site survey and to prepare as-built drawings for the job site. Following our receipt of these materials, we will provide you with a preliminary floor plan layout and prototype design development package including equipment lists and specifications and material specifications for the Store, based on your as-built drawings, for a fee of $5,000. You will be required at your own expense to adapt the plan layout and specifications for your Store. You alone are responsible for the construction and development of your Store. You must retain only licensed contractors to perform the construction. You must submit a completed set of the final plans and specifications for our review and receive our written approval of the plans and specifications as submitted, before commencing the construction and development of your Store location. You must not modify any plans or specifications after they have been approved by us unless first obtaining our written consent to the modification. (Franchise Agreement §7.2, 8.14, 9.2)

We will provide you with information regarding our requirements for signage, equipment, fixtures, furnishings, improvements, supplies, music/videos and other products for the operation of a typical NuYo® store. We will also provide you with a list containing the contact information for all approved suppliers of products, equipment, materials and supplies, including price lists for all such items necessary to operate your Store within ten (10) days after you submit your as-built drawings. (Franchise Agreement §8.9, 8.21)

You must adapt the signage, equipment, fixtures, furnishings, improvements supplies and other products as required above at your own expense, to your Store location in accordance with federal, state and local laws, rules, regulations and ordinances. You are responsible for ensuring compliance with the ADA and other applicable regulations.

Training

Our instructional materials will consist primarily of our Operations Manual and other written handouts we may elect to provide to you. You must ensure that all your employees are trained in our store procedures. We believe training is important to the success of our System and from time to time provide formal and informal training sessions to franchises. You must attend and require your employees to attend further training as we may from time to time require. Worker's Compensation must be secured and active prior to attending training sessions. Training may require travel to our training facility.

You will be required to pay to us a non-refundable training fee of $7,500 no later than one week before the start of training. This fee is for the initial training for up to two (2) individuals. We will provide, at your request, additional training at a cost of $2,500 a person. We will also provide upon your request any reasonable pre-opening support and services as necessary. You will be responsible for reimbursement to us for all business expenses incurred by us in association with attendance at your training, or in connection with pre-opening support services provided, including but not limited to meals, travel, lodging and other expenses. (Franchise Agreement §5.5, 9.5)

You are required to have on schedule, for at least forty hours per week, at least one member of your staff who is certified by us as having successfully completed our training program. The initial training program takes place at our main Store location in Roseville, California, and typically requires one week to complete. The training consists of both class room lecture and hands-on training. You must complete the entire training program to our satisfaction before we grant you approval to commence operations at your Store location. You are required to have on schedule during all shifts at least one member of your staff who is certified by you as a supervisor/manager as outlined in manual.

Our training program is regularly reviewed and updated. As of the date this Disclosure Document was prepared, our training program consists of the following:

Subject	Hours of Classroom Training	Hours of In-Store Training
• Welcome • Introduction to NuYo® • Human Resources	2 hours	
• Product Knowledge	2 hours	
• Taylor Machines Operation and Maintenance • Yogurt Preparation		6 hours
• Product Preparation • Ordering and Stocking • Cost of Goods Sold Control	2 hours	4 hours
• POS System • Cash Management		2 hours
• Customer Interaction	1 hour	4 hours
• Scheduling • Payroll Control • Staffing Expectations • Shift Management	3 hours	
• Cleaning • Health Codes		2 hours
• Opening and Closing Procedures		5 hours
• Marketing Compliance	2 hours	
• Franchisee Evaluations		5 hours
TOTAL TRAINING HOURS	12 hours	28 hours

<u>Cash Register System</u>

We require you to process and record all of your sales on a point-of-sale/back office system ("POS System") that is approved by us. Franchisee shall purchase from Franchisor or other entity designated and approved by Franchisor a POS electronic cash register(s) or computer systems meeting the specifications as required by Franchisor. Our current authorized POS provider is NCR Aloha. The approximate cost to purchase two (2) POS registers is, roughly, a $2500 down payment with ongoing monthly fees paid to NCR Aloha for the life of the contract. The prices and contracts with NCR are constantly in motion year-to-year. At your request we will provide costs, expenses and contract terms currently being offered.

You will be required to provide us with direct access to your POS registers to download sales data from your Store and other relevant information as logged by the registers. There are no limitations on our right to access this information. All approved POS systems are capable of recording accumulated sales and cannot be turned back or reset and they retain data in the event of power loss. You may not modify, alter, or impair any of the POS registers or in any way block or restrict our access to your POS. (Franchise Agreement §8.15)

Computer systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, and attacks by hackers and other unauthorized intruders. It is your responsibility to protect yourself from these problems, which include taking steps to secure your systems (including continually updating firewalls, password protection, and anti-virus systems), and to use backup systems. We require that all POS Systems be maintained in continuous operational condition. We will designate an authorized repair center for your registers. You are responsible for payment of all costs incurred in repairing your POS registers and upgrading your POS system with new software or hardware when requested.

Time Frame

The Franchise Agreement will not require you commence operation of your Store location within specified time after its signing. However, franchisees typically open their Store within three (3) to nine (9) months after signing the Franchise Agreement. Various Factors determine the length of time between the signing of the Franchise Agreement and the opening of the franchisee's Store, including but not limited to, the franchisee's ability to complete all training requirements, to obtain financing, to purchase or lease a Store location, to obtain building permits, to comply with all zoning laws and building ordinances, to hire adequate staffing, and to install all necessary equipment and fixtures.

During Operation of Your Business

We will provide to you at your request reasonable operating assistance and guidance concerning (1) methods, standards, specifications, pricing and general operating procedures utilized by NuYo® stores, (2) approved equipment, fixtures, furnishings, signs, products, and supplies, and (3) development of local advertising and promotional programs. Guidance on such matters may be provided by means of our Operations Manual, through bulletins and other written materials, by telephone consultation or by electronic computer messages. We will also keep you alert of new product developments and on request try to help with any operating problems you may encounter. (Franchise Agreement §5.5-5.7, 9.6) We may choose to periodically offer specific training programs to you covering a variety of subjects such as new products, new procedures, marketing, customer services, bookkeeping, and any other aspect of business operations that we believe is beneficial. (Franchise Agreement §5.4-5.6)

If you wish to re-locate your Store to a new location, we will approve or disapprove of your choice of franchise site within forty-five (45) days after we receive notice of the location.

Local and Grand Opening Advertising

We permit you to use your own advertising materials with our approval, which we will grant or not grant within ten (10) days of our receipt of your request for approval. You may advertise on our website and on the World Wide Web although you may not operate your own website independent from ours. You may develop advertising materials for your own use, at your own cost. We must approve the advertising materials in advance. Any social networking websites such as Facebook, Instagram, TikTok, Twitter, etc. must be approved by us. If we have not disapproved, in writing, these advertising materials or responded to you requesting more information within thirty (30) days after receiving them from you, you may assume your request has been approved.

You are required to spend at least $2,000 a month on grand opening advertising during the period of time commencing with the opening of your Store location and continuing through the first six (6) months of operation. In addition, you are required to spend at least two percent (2%) of your Gross Sales (as defined in the Franchise Agreement) or $800 a month on local advertising, whichever amount is greater. All advertising must be submitted to us for approval and receive our written consent before submitted to the public. We have the right to restrict where and when you can advertise. All advertising must include our Mark, copyright and independent ownership notices as we may request. You agree to provide us with written verification of your advertising expenditures at our request. (Franchise Agreement §6.3, 7.6)

We may provide you with copies of acceptable advertising, marketing and promotion formats and materials prepared by us and considered suitable for use at local NuYo® stores at your request. You are required to honor any discounts or coupon offers as implemented or advertised by us including any loyalty and VIP discount programs. You are responsible for payment of costs for any materials ordered by your Store, including production costs, overhead, shipping and handling charges and storage. All costs are payable when the materials are ordered. Any payments made for such materials are not refundable. Any additional Store coupons or discounts you wish to offer must be approved by us in advance. (Franchise Agreement §6.5)

<u>Cooperative Advertising/Marketing Fund</u>

We may choose to designate a certain geographic area as an advertising cooperative. If this geographic area includes your Store location, you are required to participate and contribute to such advertising cooperative. There is no requirement for franchisor-owned outlets to contribute to the fund, although we anticipate that they will do so according to guidelines we establish. If we establish geographic areas of local or regional cooperative advertising all active members may be required to contribute set amounts as determined by a majority vote of the members of the cooperative. In no event shall such amounts be less than two percent (2%) or more than five percent (5%) of your monthly Gross Sales. Contributions to an advertising cooperative established by us will apply as a credit against any amounts you are required to spend for local advertising under the Franchise Agreement. We may elect to administer the advertising cooperative or require the cooperative to be governed by written governing documents. If and when created, such documents will be made available to all member franchisees for review. The cooperative may elect to prepare annual or periodic financial statements and make them available for review by franchisees. We maintain the right to form, change, dissolve or merge any and all advertising cooperatives. (Franchise Agreement §7.7)

The Marketing Fund will be used for advertising, marketing, public relations and related purposes as we deem appropriate for the promotion of the NuYo® system and NuYo® products.

You will be required to contribute the greater of two percent (2%) of your Gross Sales or $800 per month to the Marketing Fund. We may modify the percentage of Gross Sales that you must contribute, provided that we will not establish a contribution rate greater than five percent (5%) of your Gross Sales. If you are late in your marketing fund payments, your required contribution will change to the greater of two point five percent (2.5%) of your Gross Sales or $1,000 per month. Your contributions to the Marketing Fund are non-refundable. (Franchise Agreement §6.1-7.5)

The Marketing Fund may be used to pay costs of marketing surveys and research; employing public relations firms; develop and maintain Internet website communications; prepare and produce video, audio and written marketing materials; buy Internet, TV, radio, magazine, billboard, newspaper and other media advertising; employing advertising agencies; provide or sell marketing materials to NuYo® Stores; holding conventions and meetings for personnel of NuYo® Stores; and pay costs to account for and report on contributions, expenditures and related activities of the Marketing Fund. We may designate the use of Marketing Fund revenue for local, regional or national coverage, at our discretion. (Franchise Agreement §6.1(B))

We may cause the Marketing Fund to develop and market promotional items. If so, such items will be made available to you for purchase. You must maintain a representative inventory of promotional items in accordance with our requirements. (Franchise Agreement §6.1(C))

The Marketing Fund may develop programs that include special offers and discount coupons. You must honor all special offers and discount coupons. We have no obligation to reimburse you for any cost or discount related to acceptance of coupons or special offers. (Franchise Agreement §6.1(D))

We and our affiliates may elect to make contributions to the Marketing Fund. We may collect and contribute to the Marketing Fund any advertising or other rebates from suppliers or others we receive. (Franchise Agreement §6.1(F)-(G))

Contributions to the Marketing Fund will be kept in accounts separate from our other funds. The Marketing Fund will not be used to defray our general operating expenses, except for administrative costs and overhead reasonably allocable to administering the Marketing Fund, including costs associated with developing, managing and placing advertisements. (Franchise Agreement §6.1(H)) The Marketing Fund will not be used to sell additional franchises.

We will oversee all activities and programs financed by the Marketing Fund including but not limited to creative concepts, materials, timing, placement, allocation, scope of advertising (local, regional or national) and other aspects. We may hire personnel, establish a marketing department or separate entity for advertising and promotion with the use of payments from the Marketing Fund. We are not obligated to cause Marketing Fund expenditures to benefit you equally or proportionately to your contributions or to ensure equal benefit or your franchise as compared to other franchises or in any other way ensure pro rate use of Market Funds as between contributing franchisees. We are not required to spend any particular amount on advertising in the area or territory where you are located. (Franchise Agreement §6.1(I))

In any given fiscal year we may spend more or less than the amount of contributions as received by the Marketing Fund in that year. Funds not spent in any given fiscal year may be applied to and used for Marketing Fund expenses in other years or as payment of outstanding debts and expenses from prior years. The Marketing Fund may borrow from us or from other sources to finance operations and to cover deficits. We have no present plans to use the Marketing Fund for solicitation of franchisees. (Franchise Agreement §6.1(J))

We will personally prepare or cause to be prepared an accounting of Marketing Fund expenditures annually and make it available to you upon written request. We have the right to conduct and prepare an audit of Marketing Fund expenditures, through an independent accountant of our choosing, at the expense of the Marketing Fund. (Franchise Agreement §6.1(K))

We have the right to terminate, suspend and reinstate the operation of the Marketing Fund at any time. Currently there are no advertising councils comprised of franchisees that advise us on advertising policies. (Franchise Agreement §6.1(L))

ITEM 12.
TERRITORY

Your right to operate a Store pursuant to a Franchise Agreement is limited solely to the location set forth in the Franchise Agreement. If you have not selected a particular location for your Store before signing the Franchise Agreement, we will designate a general geographic area within which you may seek a location for your Store. You may not offer for sale or sell products services, materials, supplies, inventory or any other item bearing our trademarks at any other location other than your Store location without obtaining our prior written consent.

Under the terms of the Franchise Agreement, you do not have the right to relocate your Store. If you request relocation you must obtain our prior written consent for the site and meet out then current criteria for relocation. Our consent or approval of relocation sites may be conditioned on the following factors: (i) whether or not the new location meets our criteria for new locations; (ii) whether we are satisfied that the proposed relocation will not have an adverse competitive impact on the NuYo® system; (iii) whether you are current on all obligations to us; (iv) whether you have signed a general release of all claims; and (v) our right to elect your exclusive territory will be retained as the radius from your original location or modified to be a new radius from the new location. All requests to relocate your Store must be made in writing.

We will grant you a geographic area designated as your "Assigned Territory" in which we will not operate or grant franchises to others to operate any NuYo® stores. Such geographic area is intended to comprise an area approximating one driving mile more or less, from the Store location, but the specific definition of the Assigned Territory is the description or map attached as Exhibit "A" to the Franchise Agreement. Your Assigned Territory does not include any Non-Traditional Locations, whether or not located within the territory granted to you. The Assigned Territory shall consist of an area of approximately a one mile radius from your Store. A Non-Traditional Location shall mean a store (which may include a kiosk) located within another primary business, in conjunction with other businesses or in institutional settings such as schools, colleges, universities, military facilities, government facilities, hospitals, airports, toll roads, business offices, in-plant food facilities, shopping malls, supermarkets, health clubs, grocery stores, anchor retail department stores or convenience stores, food courts and any other venue operated by a master concessionaire or contract food service provider. We can establish and grant franchises to others to establish NuYo® stores in Non-Traditional Locations without geographic restriction.

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

If your Store is located in a Non-Traditional Location, you will not be granted an Assigned Territory as defined above, except that we will not operate or grant franchises to others to operate NuYo® stores within the same Non-Traditional Location as your Store is located. You may face competition from other franchisees, from outlets that we own, from other channels of distribution or competitive brands we control.

There is no required minimum sales quota, volume, market penetration or other contingency for you to maintain your rights to the Assigned Territory granted to you. There is no restriction on you, us, or other Franchisees from soliciting customers from outside their Assigned Territory or inside your territory through the use of direct marketing. However, you must receive our prior written consent to advertise or solicit sales by use of other channels of distribution, such as the Internet, catalog sales or telemarketing.

You do not have the right to distribute products through alternative channels of distribution. We reserve the absolute right to distribute goods or services through the use of the Internet or other electronic communications, telephone, mail or similar methods, regardless of the destination of the products or services. We retain the sole right to use our trademarks on the Internet, including in connection with Web sites, domain names, director addresses, metatags, as graphic images on web pages, linking, advertising, co-branding, and other arrangements. You may not maintain a website without our prior written approval. If we do approve a website that you promote and develop, we have the right to condition our approval on terms that we determine are necessary, such as requiring that your domain name and home page belong to us and be licensed to you for your use during the term of your agreement.

You must obtain and keep current, in full force and affect, all necessary permits as required by any and all government or regulatory agencies as applicable to your Store and in compliance with all applicable laws and regulations. Required permits may include, but are not limited to, building permits, state and local business licenses, building codes, and fire codes. Applicable laws and regulations include regulations of the Milk and Dairy Food Safety Branch of the California Department of Food and Agriculture and the California Department of Public Health.

ITEM 13.
TRADEMARKS

We will grant you the non-exclusive right to operate a Store under the NuYo® trademarks ("Marks"). Our trademarks are registered on the Principal Register of the United States Patent and Trademark Office ("USPTO") as follows:

NuYo®, Registered on the Principal Register of the United States as Registration No. 3,588,824 on March 10, 2009. A Combined Declaration of Use and Incontestability Under Sections 8 and 15 of the Trademark Act of 1946, as amended was filed with the USPTO on March 10, 2015.

NuYo FROZEN YOGURT ®, Registered on the Principal Register of the United States as Registration No. 4,049,265 on November 1, 2011. A trademark extension was filed with the USPTO on November 2, 2020.

We have filed all required affidavits of use. If you use our Marks, your use must be in strict compliance with any procedures or policies as we shall provide to you. If we modify or discontinue the use of our Marks, you also must modify or discontinue the use of the Marks at your cost. You are prohibited from using the NuYo® Mark as part of your corporate or business entity name but you may have the non-exclusive use of the name NuYo® as part of an assumed name or fictitious business name registered with applicable governmental authorities.

You may not apply to register our Marks or any derivation thereof. You may only use the Marks with the letters “TM” “SM” or “®” as appropriate. You are prohibited from using the Marks in the sale of any unauthorized product or service or in any manner without our prior written authorization. You must follow all security procedures required by us for maintaining the secrecy of our proprietary information.

There are presently no effective determinations by the USPTO, trademark trial and appeal board, the trademark administrator of any state or any court nor pending interference, opposition or cancellation proceeding, nor pending material litigation involving our trademarks. There are no agreements currently in effect that significantly limit our right to use or sub-license the use of our trademarks. We do not know of any infringing use of our trademarks that could materially affect your use of the Marks.

You must let us know immediately if and when you learn of an infringement of or challenge to your use of the Marks. We have the discretion to take what action we deem appropriate.

We need not protect any rights that you have to use the Marks, or to protect you against claims of infringement or unfair competition. You are given the right to protect yourself, at your sole cost, from any of these claims if we elect not to commence any action against the would-be infringing parties.

You may not contest, directly or indirectly, our right and interest in our names or the Marks, trade secrets, methods or procedures which are part of our business. You agree to sign documents and assurances necessary to effectuate these provisions. Any goodwill associated with the Marks or our system belongs exclusively to us. That said, we are not aware of any infringing uses that could materially affect your use of the Marks in California or any other state. You may not sub-license or assign the Marks without our prior approval in writing. You may only use our Marks on vehicles after first obtaining our written consent.

ITEM 14.
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use an item covered by a patent. However, we claim protected trade secrets and copyrights in our training materials, product formulation and operating procedure, construction plans, advertisements and promotional material and in other written materials we provide to you.

We will provide you a copy of the Store Operations Manual. Each Operations Manual contains mandatory and suggested standards, operating procedures and rules prescribed by us. We have not yet copyrighted the Operations Manual but reserve the right to do so and consider its contents proprietary. It may not be copied without our written approval. As mentioned in the Franchise Agreement, we use trade secrets proprietary to us. You must promptly tell us if you learn of any unauthorized use of either the Operations Manual or any proprietary information. We are not obligated to take any action but will respond to the information provided to us as we believe appropriate.

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

You must devote continuous best efforts to the development, management and operation of your business. This means devoting sufficient time and resources to ensure full and complete compliance with your obligations to us, to your customers and to others. At a minimum we require you or your manager to dedicate at least thirty (30) hours per week to on-site management of your business. You must be able to organize the business so that our standards of service, quality and cleanliness are maintained, and you must set standards for your employees to follow. As a new franchisee, you may expect to perform a substantial amount of manual labor, especially during the first year of operation. In addition to production skills, you must also understand and be able to perform all of the sales, management and maintenance functions required to ensure successful Store operations. Because this is a cash business, you must have effective, vigilant cash management procedures to avoid employee theft.

Your on-premises manager may have an ownership interest in your corporation, limited liability company (L.L.C.) or partnership but it is not required. You on-premises manager cannot have an interest or business relationship with any of our competitors.

You must ensure that all of your employees are trained in our store procedures. You must ensure that the manager and all employees whose duties include customer service have sufficient literacy and fluency in English and such other language as may be required to adequate meet the customers of your Store. You and the manager must complete all phases of our training program to our satisfaction and must participate in all other activities we require to open your Store. All replacement managers must satisfactorily complete our training program. If you use a manager (instead of participating directly in your operations), we recommend that you personally remain involved in your business.

You must operate your Store continuously during the hours we specify. We may require you to open your Store for business as early as 7 a.m. and stay open until as late as midnight, and remain open seven (7) days per week, up to three hundred sixty-five (365) days per year (three hundred sixty-six (366) days in a leap year).

If you are a business entity (partnership, corporation or LLC), each owner, officer, director, shareholder, member or partner (as applicable) of your entity must personally guarantee such entity's performance of all of the Franchisee's obligations under the Franchise Agreement. This personal guarantee applies to all money and other obligations, such as non-competition provisions of the Franchise Agreement. If you operate more than one store and choose to use more than one business entity, each entity must cross-guarantee all of the obligations of each other entity in which you have an interest. A copy of the Guaranty Agreement required to be signed by all such individuals belonging to your business entity can be found at Exhibit I of this Disclosure Document.

Under the Franchise Agreement, you must keep confidential our store development and operations methods and all other information we deem to be confidential. You may share this information with your employees or managers if it is necessary for their jobs. Each employee or manager with whom such confidential information is shared must sign a confidentiality agreement in our favor and agree to not compete with us. See Exhibit B.

ITEM 16.
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to confine your business to the operation of a NuYo® Store. You may not conduct any other business or activity at the Store without our prior written approval. You may not install or operate in your Store any ATM machine, public telephone, jukebox, vending machine, lottery ticket terminal, video game or any other game or machine without our written approval. You may only offer or sell products, goods and services as specified and approved by us in writing and you must offer for sale the full menu prescribed by us.

We may add, delete, or change approved products that you are required to offer or sell from time to time. You must comply with these changes on reasonable notice to you. There are no limits on our right to make changes. You must offer all products we authorize you to sell; however, we are not obligated to authorize you to sell all available NuYo® products that we may have.

In offering products for sale, you may only use products, materials, ingredients, supplies, paper goods, uniforms, fixtures, furnishings, signs, and equipment approved by us and you must follow methods of product preparation and delivery that meet our requirements, as well as all our policies and procedures as may be given to you from time to time as contained in the Operations Manual. You must source all products from supplies that we approve. A list of approved suppliers is available on request. .

Your Franchise is limited to one location and all sales must be made from that location absent our prior written consent. You may only sell NuYo® Products that have been approved for sale at your licensed Store and only to retail customers. You may not sell any NuYo® products to any person or entity for resale.

We reserve the right, to the extent permitted by law, to establish a maximum price that you may charge for any product. You have complete discretion in determining the minimum price you charge for your products. We may suggest pricing strategy, but the minimum pricing decision is always yours. You should also be aware that collaboration with other franchises in establishing prices may be considered a violation of the law.

ITEM 17.
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

	Provision	Section	Summary
a.	Length of the franchise term	Sec. 10.1	5 years
b.	Renewal or extension of the term	Sec. 10.2	You may renew for 2 additional periods of 5 years, if you meet all conditions.
c.	Requirements for Franchisee to renew or extend	Sec. 10.3	To renew for an additional term you must: comply with the Franchise Agreement and all other applicable agreements throughout the term of your franchise and at the end of the term; deliver written notice of your desire to renew at least ninety (90) days but no more than one hundred twenty (120) days before expiration of the current term of your Franchise Agreement; pay a renewal fee; sign our then current Franchise Agreement, modified as needed to provide for the remaining number of renewal terms available to you; sign a general release; remodel, redecorate, renovate and upgrade the Store to meet our then current standards and requirements; be current on all amounts due to us and our affiliates. You may be asked to sign agreements that contain materially different terms and conditions than your current agreements.
d.	Termination by Franchisee	Sec. 10.5	You may terminate: (a) with our written consent, which we have no obligation to provide; (b) if we materially breach the agreement and fail to cure the breach, after providing us written notice and an opportunity to cure.
e.	Termination by Franchisor without cause	N/A	We cannot terminate without cause.

f.	Termination by Franchisor with cause	Sec. 10.6	We may terminate if you default on any of your obligations.
g.	"Cause" defined-curable defaults	Sec. 10.7	You have sixty (60) days to cure most defaults. Defaults not listed in box h below are probably curable.
h.	"Cause" defined-non-curable defaults	Sec. 10.8	Involuntary lien in the amount of $1,000 or more on any of your assets or property, which is not removed within fifteen (15) days; conduct that materially and adversely affects the goodwill or reputation of the NuYo® brand; any assignment, transfer, or sublicense of your agreement without our consent; you become insolvent, make an assignment for the benefit of creditors; inability to pay obligations, bankruptcy composition, adjustment, liquidation, dissolution or similar relief, a receiver is appointed for substantial part of your assets or the store, or a final judgment or involuntary lien remains on the record, unsatisfied for sixty (60) days or longer; abandonment; mutual agreement to terminate the agreement; you make material misrepresentations relating to the acquisition or operation of the business; you engage in conduct which reflects materially and unfavorably on the Marks, or on the operation or reputation of the Store or NuYo® system; failure to comply with any federal, state or local law or regulation for ten (10) days after receiving notice of non-compliance; default after cure of breach, recurrence of any breach, failure or default, whether or not the conduct, noncompliance or recurrence is corrected after notice; failure on three (3) separate occasions within a six (6) month period to comply with one or more requirements of the Franchise Agreement; Store is seized, taken over or foreclosed; conviction for a crime relevant to the operation of store; failure to pay fees or other amounts due to us within five (5) days after receiving notice; imminent danger to public health or safety; or you commit a fraud on us by submitting false sales reports that understate Gross Sales by five percent (5%) or more.
i.	Franchisee's obligations upon termination/non-renewal	Sec. 10.9	Complete de-identification, pay amounts due, return all confidential materials, cease operations, stop using marks, systems, confidential information, cancel all assumed names, deliver/sell your equipment, inventory, and fixtures to us if we request, assign phone numbers to us, and comply with nondisclosure and nonsolicitation requirements.
j.	Assignment of contract by Franchisor	Sec. 12.1	No restriction on our right to assign.

k.	"Transfer" by Franchisee-defined	Sec. 12.2	Sale, assignment or transfer of your interest in the agreement or assets.
l.	Franchisor approval of transfer by Franchisee	Sec. 12.2	We have the right to approve all transfers but will not unreasonably withhold approval.
m.	Conditions for Franchisor approval of transfer	Sec. 12.3	You pay a $5,000 transfer fee; sign a general release; pay all amounts owed; provide a copy of all agreements and proposed agreements concerning the proposed transfer and other information we request; you make any changes to the terms of the transfer which we require; the proposed transferee qualifies and provides all information we request; the transferee assumes all obligations under the Agreement and/or, at our request, enters into our current Agreement; the proposed transferee agrees to upgrade, remodel and refurbish the Store to our standards; and you and the transferee obtain the landlord's written consent.
n.	Franchisor's right of first refusal to acquire franchisee's business	Sec. 12.5	We can match any offer for your business.
o.	Franchisor's obligation to purchase Franchisee's business	Sec. 10.10	Following termination or expiration other than due to our uncured breach, we or our assignee have the obligation, by delivering written notice to you, to purchase from you, any or all of the Store's equipment, fixtures, inventory, products, materials and supplies subject to certain conditions.
p.	Death or disability by Franchisee	Sec. 12.8	Surviving heirs may operate the business if they qualify within one hundred and eighty (180) days after the decedent's death or they may assign to an approved buyer.
q.	Noncompetition covenants during the term of the Franchise	Sec. 11.4, 11.5	You cannot directly or indirectly operate a business similar to your franchised business within ten (10) miles of your Store or within ten (10) miles of any NuYo® store. You may also not have an ownership interest in any entity which grants franchises or franchise to others to operate stores specializing in yogurt, drinks, desserts, snacks or similar foods or employ, or recruit or hire any person employed or previously employed by us or any of our other franchisees without our or the other employer's consent.
r.	Noncompetition covenants after the Franchise is terminated or expires	Sec. 11.4, 11.5	For 5 years following termination or expiration you cannot operate or have an interest in a competing business within a ten (10) mile radius from any other NuYo® store or your location or have an ownership interest in any entity which grants franchises or licenses to others to operate stores specializing in yogurt, drinks, desserts or

			similar foods. (See Exhibit D to Franchise Agreement). For two (2) years after termination or expiration, you may not employ, recruit or hire any person employed or previously employed by us or our other franchisees without our or the other employer's consent.
s.	Modification of the agreement	Sec. 17	No modification except in writing signed by you and us. Manuals may change, including our Operations Manual. Manual changes are not changes to the agreement.
t.	Integration/merger clause	Sec. 23.6	Only the terms of the Franchise Agreement and other agreements with us (if any) are binding. Nothing in the Franchise Agreement is intended to disclaim the representations we have made in the Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Sec. 22.4 22.5	Except for certain claims, all disputes must first be mediated before resorting to arbitration or court action. If mediation fails, the parties agree to arbitrate their dispute before the American Arbitration Association.
v.	Choice of forum	Sec. 22.5	Arbitration must be in Sacramento, California, subject to state law.
w.	Choice of law	Sec. 18	California law applies, subject to state law.

NOTE 1: The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the Commissioner.

ITEM 18.
PUBLIC FIGURES

As of the date of preparing this Disclosure Document, we do not use any public figures to promote our franchise, its system or the sale of licenses to third parties.

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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records for that Store.

If you receive any other financial performance information or projections of your future income, you should report it to the Franchisor's management by contacting Mackenzie Harder, 120 5th Street, Encinitas CA, 92024, the FTC, and the appropriate state regulatory agencies.

ITEM 20.
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary for Years 2021 to 2023

Outlet Type	Year	Outlets at Start of Year	Outlets at End of Year	Net Change
Franchised	2021	4	4	0
	2022	4	5	+1
	2023	5	5	0
Company-Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	4	4	0
	2022	4	5	+1
	2023	5	5	0

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) for Years 2021 to 2023

State	Year	Number of Transfers
CA	2021	0
	2022	1
	2023	1
Total	2021	0
	2022	1
	2023	1

Table No. 3
Status of Franchised Outlets for Years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
CA	2021	4	0	0	0	0	0	4
	2022	4	1	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Totals	2021	4	0	0	0	0	0	4
	2022	4	1	0	0	0	0	5
	2022	5	0	0	0	0	0	5

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.
Name, city and state, and current telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year: None

There are no Franchisees who have not communicated with the Franchisor within ten (10) weeks of the Disclosure Document issuance date.

Table No. 4
Status of Company-Owned Outlets for Years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
CA	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Totals	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

Table No. 5
Projected Openings as of December 31, 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
CA	0	1	0
Total	0	0	0

ITEM 21.
FINANCIAL STATEMENTS

Attached as Exhibit "D" are our audited financial statements for fiscal years ending 2021, 2022 and 2023.

NOTE 1: The Company will retain at least $5,000 undertaking in its bank account in order to meet its obligations to its Franchisees.

ITEM 22.
CONTRACTS

The following contracts and agreements are included as exhibits to this Franchise Disclosure Document:

Exhibit "A"	-	Franchise Agreement;
Exhibit "B"	-	Employee Confidentiality, Nondisclosure and Noncompetition Agreement;
Exhibit "C"	-	Confidential Information Application;
Exhibit "D"		Financial Statements for Company fiscal years 2021, 2022 and 2023;
Exhibit "E"	-	List of State Agencies/Agent for Service of Process;
Exhibit "F"	-	Schedule of Franchises/Licenses;
Exhibit "G"	-	Landlord's Consent to Assignment;
Exhibit "H"	-	Table of Contents for Company Operations Manual;
Exhibit "I"	-	Guaranty; and
Exhibit "J"	-	Sublease

EXHIBIT A

Franchise Agreement and its Exhibits

FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT
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FRANCHISE DISCLOSURE DOCUMENT

NuYo® Frozen Yogurt, Inc.

FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is entered into and effective on the ____ day of _______________, 20__, by and between NuYo® Frozen Yogurt, Inc., a California corporation, with its principal business address at 120 5th Street, Encinitas , California, 92024 ("Franchisor") and ____, whose principal address is ___________________________________ ("Franchisee"), with reference to the following facts:

RECITALS

A. Franchisor through considerable time and effort, has developed distinctive business formats, systems, methods, procedures, designs, layouts and specifications for the operation of quick service stores specializing in yogurt and related beverage and food items.

B. Franchisor operates and licenses others to operate quick service stores under the name "NuYo®" using valuable trade names, trademarks and service marks belonging to Franchisor and the distinctive business formats, systems, methods, procedures, designs, layouts and specifications developed by Franchisor ("NuYo® System").

C. Franchisee desires to establish and operate a quick service yogurt store using the " NuYo®" trademarks and the NuYo® System at a location to be specified on the terms in this Agreement (the "Store").

Accordingly, the parties now agree as follows:

Article 1. GRANT OF FRANCHISE LICENSE

1.1. **License Rights**. Franchisor grants Franchisee the right, during the term of this Agreement, to use the NuYo® System in operating a franchised business under the NuYo® trademark and other trademarks, service marks, trade names, logotypes, commercial symbols and copyrights that Franchisor designates from time to time (collectively, the "Marks").

1.2. **Single Site and Relocation**. Franchisor grants Franchisee the right to operate only at a single, approved location. Franchisee shall conduct the business only from the approved location. Franchisee shall not delegate, franchise or subfranchise the right to use the Marks or authorize independent contractors or any third party, including, without limitation, those with whom Franchisee conducts business, to use the Marks. The approved location for the Store shall be stated in Exhibit "A." If when signing this Agreement the approved location is not selected, Franchisor shall designate the general geographic area specifying the area within which Franchisee may seek a location for the Store. When the approved location is selected, the approved location shall be stated in Exhibit "A." Franchisee shall not relocate the Store without first obtaining Franchisor's prior written consent, which may be conditioned on: (i) the new location meeting Franchisor's then-current criteria for new locations; (ii) Franchisor is satisfied, in Franchisor's reasonable discretion, that the proposed relocation will not have an adverse competitive impact on the NuYo® System; (iii) all accrued obligations of Franchisee to Franchisor under this Agreement shall have been satisfied in full; (iv) Franchisee shall have executed a general release of Franchisor and Franchisor's shareholders, directors, officers and employees in a form satisfactory to Franchisor of all claims that are known or reasonably could have been known; and (v) Franchisor's right to elect whether an Assigned Territory, if any, (as defined below) shall be retained as the radius from the original franchise location or modified to be a new radius from the new location.

1.3. **Use of Marks**. Franchisee shall use the Marks in signage, business cards, stationery, promotion materials and advertising only in the form and as required or permitted by this Agreement or in the Manual (as defined in Section 4.1) or by Franchisor.

1.4. **Trade Practices**. Franchisee agrees that Franchisor has sole rights to the NuYo® System and that goodwill associated with any of the trademarks and trade practices shall be deemed to inure only to Franchisor and not to Franchisee. The parties acknowledge that the elements of Franchisor's trade practice which are confidential constitute trade secrets of Franchisor. These are revealed to Franchisee in confidence and Franchisee must not, at any time during the term of this Agreement or any time afterward, use or attempt to use the trade practices in connection with any other entity or business, nor shall Franchisee disclose, duplicate, reveal, sell or sublicense the trade practices or any part of them, or in any way purport to transfer any rights in the trade practices, except as authorized by Franchisor.

1.5. **Reservation of all Rights**. Franchisor reserves all rights, except as expressly stated in this Agreement, including but not limited to the right to offer or open additional stores and franchises.

Article 2. ASSIGNED AREA OR TERRITORY

2.1. **Assigned Territory**. So long as Franchisee is in full compliance with this Agreement, Franchisor will not grant a franchise or establish a company-owned location to be located within the territory stated in Exhibit "A" (the "Assigned Territory"). The parties acknowledge that for all locations other than Non-Traditional Locations, the Assigned Territory is intended to comprise an area roughly approximating one driving mile more or less, from the Store, but that the specific definition of the Assigned Territory is the description or map attached as Exhibit "A." Franchisee acknowledges there is no Assigned Territory with respect to Non-Traditional Locations and Franchisor expressly reserves the unlimited right to develop, open, operate or grant franchise or license rights to others to develop, open, and operate Non-Traditional Locations whether in or outside of the Assigned Territory; however, Franchisor will not operate or grant franchises to others to operate NuYo® stores within the same shopping mall where the Store is located.

2.2. **Exceptions**. Non-Traditional Location shall mean a store (which may include a kiosk) located within another primary business or in conjunction with other businesses or at institutional settings such as schools, colleges, universities, military and other government facilities, hospitals, airports, toll roads, office or in-plant food facilities, shopping malls, supermarkets, health clubs, grocery stores, anchor retail department stores, or convenience stores, some of which may be other fast-food type operations such as food courts and any other venue operated by a master concessionaire or contract food service provider, whether or not located within the Assigned Territory. Franchisor shall have the right to establish and to grant franchises to others to establish NuYo® stores in all Non-Traditional Locations without geographic restriction. For the purposes of this Agreement, a shopping mall means any retail shopping center containing anchor retail department stores. Current examples of anchor retail department stores include Sears, Macy's, JC Penney, Mervyn's, Nordstrom, Neiman Marcus, Bloomingdales, Saks Fifth Avenue, Dillard's, K-Mart, Kohls, Ross Stores, Best Buy, Wal-Mart, Home Depot, Orchard Supply & Hardware, Office Max, Office Depot, 99 Cents Only Stores, or other similarly large retail stores. The parties acknowledge that this list of examples is not complete, that some of these stores will go out of business, some will merge, and new stores will be established. Franchisor shall have the right to determine the nature of stores comprising anchor retail department stores. Franchisor shall also have the right to establish, operate, sell and franchise and license others to establish and operate NuYo® stores and to sell NuYo® products and other items and services under the Marks and other trademarks and service marks through NuYo® stores located anywhere outside Franchisee's territory. Additionally, Franchisor reserves the right to sell, market, distribute and solicit and to arrange for others to sell, market, distribute, and solicit sales of prepackaged products, yogurt materials and other items identified as NuYo® or by other brand names, whether or not such brands are authorized for use by Franchisee, as well as other products or services under the Marks and other trademarks and service marks through different distribution channels, such as super markets, wholesale markets, other yogurt stores and convenience stores, as well as via the Internet, telemarketing, catalog sales, or other direct marketing sales even within Franchisee's Assigned Territory. Franchisor shall have no obligation to compensate Franchisee for accepting or soliciting orders or selling products within the Assigned Territory. Franchisee acknowledges that any exclusivity granted hereunder shall not include any marketing exclusivity. Franchisor, Franchisor's affiliates and other franchisees may advertise anywhere, even in the Assigned Territory.

Article 3. TRADEMARKS AND COPYRIGHTS.

3.1 **Use Permission**. Franchisor grants to Franchisee the right to use the Marks at the Store.

3.2 **Ownership of Marks**. Franchisee acknowledges that Franchisor owns the Marks; that Franchisee's right to use the Marks is derived solely from this Agreement and is limited to operating the Store in compliance with this Agreement and all Franchisor's standards, specifications and operating procedures; that all goodwill developed from Franchisee's use of the Marks shall be for Franchisor's exclusive benefit; and that this Agreement does not confer any goodwill or other interest in the Marks on Franchisee except the limited right to use them in operating a NuYo® store in compliance with this Agreement. All provisions of this Agreement concerning the Marks will also apply to additional trade and service marks and commercial symbols that Franchisor may authorize for Franchisee's use in the future. Franchisee shall not directly or indirectly contest Franchisor's right to the trademarks, service marks, trade secrets or business techniques that are part of Franchisor's business.

3.3. **Restriction on Use**. Franchisee shall not use any Marks as part of any corporate or trade name or with any prefix, suffix or in any modified form or with other modifying words, terms, designs or symbols, unless specifically approved by Franchisor in writing. Franchisee shall be permitted to identify Franchisee's business using a fictitious business name of Franchisee's Store in a format as the law permits and Franchisor approves or designates, in its sole discretion, from time to time, such as " NuYo®" of [geographic designation]. Franchisee shall file all fictitious name affidavits required by law in the state and county where Franchisee is located. Franchisee shall not use the Marks in any manner not expressly authorized in writing by Franchisor. Franchisee shall use and display all Marks in the manner Franchisor specifies. Franchisee shall use the encircled R registration symbol "®" with Marks that are registered in the U.S. Trademark Office and shall give additional notices of trade and service mark registrations as Franchisor specifies. Franchisee shall refrain from any business or marketing practice that may injure Franchisor or the business and goodwill associated with the Marks or the NuYo® System.

3.4. **Trademark Protection**. Franchisor shall have no obligation to protect Franchisee against claims of infringement or unfair competition arising out of the use of the Marks or to defend Franchisee in any legal action. However, Franchisor will take such action that Franchisor considers appropriate under the circumstances, provided Franchisee has promptly notified Franchisor in writing of the facts of the claim or challenge and provided further that Franchisee has used the Marks or logos in strict accordance with this Agreement and all Franchisor's rules, regulations, requests and procedures. Franchisor may assume the defense of the action at any time if Franchisor initially declined to take over the defense. If Franchisor chooses to defend Franchisee, then Franchisee shall fully cooperate with Franchisor in that defense.

3.5. **Control of Actions and Trademark Usage**. Franchisor shall have the sole right to control any legal actions or proceedings including settlements involving claimed trademark infringement or unfair competition against Franchisee or against others using the Marks. Franchisor may, at Franchisor's sole discretion, prosecute or defend any infringement or unfair competition claim involving the Marks or any other actions or proceedings which Franchisor deems necessary or desirable to protect the Marks.

3.6 **Notification of Claims**. Franchisee shall immediately notify Franchisor of any apparent infringement of or challenge to Franchisee's use of any Marks or claim by any person of any rights in any mark. Franchisee shall not communicate with any person other than Franchisor or Franchisor's legal counsel concerning the infringement, challenge or claim. Franchisee shall execute any instruments and documents, provide assistance and do those things (including being named as a party) that, in the opinion of Franchisor's legal counsel, may be necessary or advisable to protect and maintain Franchisor's interests in any litigation or U.S. Trademark Office or other proceeding or otherwise protect and maintain Franchisor's interests in the Marks.

3.7. **Stopping or Changing Use of Marks**. If it becomes advisable at any time in Franchisor's sole discretion for Franchisor or Franchisee to modify or stop using any Marks or to use one or more additional or substitute trade or service marks, Franchisee shall comply with Franchisor's directions to modify or stop using the Marks or use one or more additional or substitute trade or service marks within a reasonable time after notice from Franchisor. Franchisor shall have no obligation to pay for or reimburse Franchisee for the expenses to modify or stop using or substituting different trade or service marks.

3.8. **Copyrights**. Franchisor claims copyright rights in the Manual, construction plans, advertising and promotion materials and in other materials used in the NuYo® System. Franchisee acknowledges that Franchisor owns such copyright rights regardless of whether the copyrights are at any particular time registered in the Copyright Office of the Library of Congress.

Article 4. CONFIDENTIAL OPERATION MANUAL

4.1. **Confidential Business Operation Manual**. Franchisor has created a Confidential Business Operation Manual (the "Manual") which contains policies, specifications, procedures, and instructions developed by Franchisor pertaining to the operation of a NuYo® store. During the term of this Agreement, Franchisor will loan Franchisee a copy of the Manual.

4.2. **Ownership**. The loaned copy of the Manual and its contents are the sole property of Franchisor. Franchisee shall return the Manual to Franchisor promptly on expiration or termination of this Agreement.

4.3. **Confidentiality**. Franchisee acknowledges that the contents of the Manual are confidential and proprietary to Franchisor. Franchisee shall keep the contents of the Manual confidential and shall take any additional steps that Franchisor requests from time to time to protect the confidentiality of the Manual.

4.4. **Additions and Modifications**. Franchisor may from time to time add to, delete from, supplement or otherwise modify the contents of the Manual. Franchisee shall promptly insert any revised pages or other forms of supplements into the loaned copy of the Manual. In any dispute about the contents of the Manual, any master copy maintained by Franchisor shall be deemed to be controlling.

4.5. **Compliance**. Franchisee shall operate the Store in compliance with all the contents of the Manual, as modified from time to time by Franchisor.

Article 5. TRAINING

5.1. **Training Programs**. Franchisor will provide initial, and may provide other mandatory and optional training programs. All training programs will be conducted at locations and times that Franchisor designates.

5.2. **Initial Training**. During the thirty (30) calendar days prior to Franchisee's scheduled opening, Franchisor shall provide two (2) management individuals selected by Franchisee (which may be Franchisee and Franchisee's initial Store manager, two (2) managers or Franchisee and Franchisee’s spouse, if both are actively involved in the operation of the Store) with Franchisor's initial training program, which training shall be at Franchisee's expense. The parties acknowledge that the initial training program is anticipated to last one week. Training shall take place at a NuYo® location designated by Franchisor and at Franchisee's Store location. Franchisee shall pay Franchisor the Initial Training Fee described in Section 7.10 prior to the commencement of the training program. Additional management employees may be trained and Franchisee shall pay the Additional Management Training Fee as provided in Section 7.10.

5.3. **Failure to Complete Initial Training**. If Franchisee or initial Store manager fails to complete the initial training program to Franchisor's sole subjective satisfaction, then Franchisor shall have the right to terminate this Agreement effective on delivery of notice of termination to Franchisee. On termination under this Section, there shall be no refunds and Franchisor shall keep all initial franchise fees paid.

5.4. **Additional Mandatory and Optional Training**. Franchisor, at Franchisor's discretion, may provide from time to time mandatory and optional training programs on new products, operating procedures, selling techniques, services, preferred suppliers, management skills and other aspects of business operations that Franchisor believes may be beneficial. Franchisor shall have the right to determine the duration, location, composition, subject matter, whether or not there will be an additional charge for a particular program, the amount of the charge, and all other aspects of these training programs. Franchisee shall attend and complete, and cause designated personnel to attend and complete all training programs that Franchisor specifies are mandatory.

5.5. **Training Requested by Franchisee**. If Franchisee requests and Franchisor agrees to provide training or assistance at the Store additional to the initial training, then Franchisee shall pay Franchisor's then standard rates for each day of such additional training or assistance.

5.6. **Franchise Specific Additional Training**. Special or additional training programs may be implemented by Franchisor at Franchisor's sole discretion, when Franchisor believes such programs may provide particular value to Franchisee or that Franchisee is in particular need for such training. Franchisee shall pay or reimburse Franchisor's expenses for these special or additional training programs, including but not limited to compensation of instructors, payment for facilities and training manuals.

5.7. **Training Expenses**. Franchisee is solely responsible for all expenses incurred by Franchisee, Franchisee's designated manager and other employees for all training programs including, without limitation, training fees, costs of travel, lodging, meals and compensation. There will be no compensation of any kind from Franchisor for work performed or participation in any training program, even if the training involves customer service, preparation or other work at or beneficial to a NuYo® store owned or operated by Franchisor or other franchisees.

5.8. **Conventions**. From time to time, Franchisor may, but is not obligated to, arrange for meetings or conventions of franchisees to provide additional exchange of information and ideas and to recognize franchisees' accomplishments. Franchisee shall, at Franchisee's expense, attend and participate in all meetings and conventions that Franchisor designates as mandatory.

Article 6. MARKETING

6.1 **Marketing Fund**.

A. **Establishment**. Franchisor has established a marketing fund to advertise and promote the NuYo® System (the "Marketing Fund").

B. **Uses**. The Marketing Fund is mainly used for corporate national marketing purposes, but may also be used for advertising, marketing, public relations and related purposes that Franchisor deems appropriate, in its sole discretion. By way of illustration and not limitation the Marketing Fund may be used to pay costs of marketing surveys and research; employing public relations firms; developing and maintaining Internet website communications; preparing and producing video, audio and written marketing materials; buying Internet, TV, radio, magazine, billboard, newspaper and other media advertising; employing advertising agencies; providing or selling marketing materials to NuYo® stores; holding conventions and meetings for personnel of NuYo® stores; NuYo® VIP, loyalty and gift card programs; and paying costs to account for and report on contributions, expenditures and related activities of the Marketing Fund.

C. **Promotion Materials**. Franchisor may use the Marketing Fund to develop and market promotional items from time to time. If and when developed, those items will be made available to Franchisee for purchase at Franchisee's sole cost and expense. Franchisee shall maintain a representative inventory of promotional items in accordance with requirements established by Franchisor.

D. **Coupons**. The Marketing Fund may develop programs that include special offers and discount coupons. Franchisee shall honor all such special offers and discount coupons. Franchisor has no obligation to reimburse Franchisee for any cost or discount related to acceptance of coupons or special offers. At any time when it is lawful to do so, and with the prior consent of either (i) Franchisee, or in the alternative (ii) a majority of franchisees in the geographic region where the special offer or discount coupons are anticipated to be distributed, special offers or discount coupon may establish specific product pricing, or maximum or minimum pricing. Franchisee must implement and participate in all VIP, loyalty and gift card programs and must honor all VIP, loyalty and gift cards as well as any associated coupons. Franchisee is aware that Franchisor can discontinue any of these programs at Franchisor's sole discretion.

E. **Franchisee's Contributions**. Franchisee shall contribute the amounts stated in Section 7.5 to the Marketing Fund. Franchisee's contributions to the Marketing Fund are non-refundable.

F. **Franchisor Contributions**. Franchisor, or its affiliates who operate NuYo® stores, may, but shall have no obligation to, make periodic contributions to the Marketing Fund.

G. **Contributions from Other Sources**. Franchisor shall have the right, but is not obligated, to collect and contribute to the Marketing Fund any advertising or other rebates received from suppliers or others.

H. **Maintenance**. Contributions to the Marketing Fund will be maintained in accounts separate from Franchisor's other funds. The Marketing Fund will not be used to defray Franchisor's general operating expenses, except for administrative costs and overhead reasonably allocable to administering the Marketing Fund including costs associated with developing, managing and placing advertisements.

I. **Administration**. Franchisor shall oversee all programs financed by the Marketing Fund, and shall have sole discretion to make decisions regarding the Marketing Fund's creative concepts, materials, timing, placement, allocation and other aspects. Franchisor has no obligation to cause Marketing Fund expenditures to benefit any particular franchisee or group of franchisees equivalently or proportionately to such franchisee's contributions, or at all, or to ensure that Franchisee or any one or more particular franchisees benefit directly or pro rata from uses of the Marketing Fund.

J. **Timing**. Franchisor will give consideration to spending contributions to the Marketing Fund during approximately Franchisor's fiscal year when the contributions were made. Franchisor shall have the right to spend in any fiscal year, more or less than the amount of contributions to the Marketing Fund made in that year. Funds not spent in a fiscal year when contributed may be applied and used for Marketing Fund expenses in other years, which could also include payment of expenses from prior years. The Marketing Fund may borrow from Franchisor or others to finance operations and to cover deficits.

K. **Accounting**. A summary accounting of Marketing Fund contributions and expenditures shall be prepared annually and shall be made available to Franchisee upon written request. Franchisor shall have the right but no obligation to cause accountings to include an independent certified public accountant's audit of Marketing Fund contributions and expenditures. Franchisor shall have the right to cause the Marketing Fund to pay for the preparation of such accounting.

L. **Termination**. Franchisor shall have the right to terminate or suspend operation of the Marketing Fund at any time, either temporarily or permanently, effective when arrangements have been made for the use or expenditure of monies in the Marketing Fund. Franchisor shall have the right to restart the Marketing Fund after termination or suspension.

6.2. **Advertising and Promotion Activities by Franchisee**. In addition to any contributions by Franchisee to the Marketing Fund, Franchisee shall advertise and market the Store in Franchisee's territory in amounts described in Section 7.6. Franchisee shall provide Franchisor written verification of Franchisee's local advertising expenditures as Franchisor requires. Franchisee shall obtain the prior written approval of Franchisor of all marketing and advertising materials developed by Franchisee, which consent shall be granted or withheld in Franchisor's sole discretion. Franchisee shall be responsible to assure that all advertising, promotion and marketing by Franchisee are clear, truthful and not misleading, and conform to the highest standards of ethical marketing and promotion policies which may be prescribed by Franchisor. Franchisee shall not advertise, solicit business or make sales via the Internet, catalog sales or telemarketing or create or maintain a website without first obtaining Franchisor's written consent, which consent Franchisor may withhold in its sole discretion.

6.3. **Advertising Submissions**. Franchisee shall submit to Franchisor for Franchisor's prior written consent, samples of all advertising and marketing materials not prepared or previously consented to by Franchisor. If Franchisor does not provide a written consent to any advertising or other promotion materials within ten (10) calendar days from receipt by Franchisor, Franchisor shall be deemed to have withheld consent. Franchisee shall not use any advertising or marketing related material that Franchisor has not consented to.

6.4. **Telephone Directory**. Franchisee shall list the Store's phone numbers in the principal telephone directories distributed in the metropolitan area and communities where the Store is located.

6.5. **Franchisor's Advertising**. Franchisor shall provide and Franchisee shall be required from time to time to purchase proprietary marketing materials from Franchisor that Franchisor considers suitable for use at local NuYo® stores. Franchisor may charge Franchisee at Franchisor's cost to produce these materials, including reasonable allocation of overhead and any shipping, handling and storage charges, payable when the materials are ordered. These payments are not refundable.

Article 7. FEES.

7.1. **Initial Franchise Fee.** On signing this Agreement, Franchisee shall pay Franchisor a nonrefundable Initial Franchise Fee of forty thousand dollars ($40,000) (the "Initial Franchise Fee"). Franchisee acknowledges that the Initial Franchise Fee is fully earned by Franchisor and is not refundable under any circumstances.

7.2. **Construction Supervising Fee**. Franchiser may, in its sole discretion, charge Franchisee an additional store build-up support fee, at Franchisor's then standard rates, should such additional support be required.

7.3. **Continuing Royalty**. Franchisee shall pay Franchisor a monthly continuing Royalty Fee equal to six percent (6%) of Franchisee's Gross Sales each month or two thousand dollars ($2,000), whichever is greater. The base royalty of two thousand dollars ($2,000) shall be payable on the fifteenth (15th) of each calendar month for that month. Any balance owing shall be due and payable by the fifth (5th) calendar day of the following month based upon actual Gross Sales derived in the prior month. If Franchisee fails to pay any royalty payment as and when due, the unpaid royalty fee shall be increased to six and one half percent (6.5%) of Franchisee's Gross Sales for the prior month, or two thousand five hundred dollars ($2,500), whichever is higher. Royalty payments shall be accompanied by such reports of Gross Sales in the form specified or approved by Franchisor. Franchisee shall execute a bank authorization in the form attached hereto as Exhibit "B" or such other bank authorizations as Franchisor requests to enable Franchisor to automatically initiate debit entries and/or credit correction entries to Franchisee's bank account or credit card account for payments of the monthly royalty and advertising fees, or other amounts due to Franchisor under this Agreement, or any other agreement, including interest charges. Franchisee shall make sufficient funds available in its bank account for withdrawal by direct debit of fees due no later than each due date.

7.4. **Gross Sales Defined**. "Gross Sales" is defined to include all sums or things of value received by Franchisee in and from Franchisee's business from all sales or other transactions for goods and services whether for cash, check, credit, barter or otherwise, including, without limitation, sales where orders originated or were accepted by Franchisee at one location but delivered or performance made from or at any other location. Gross Sales do not include refunds to customers or the amount of any sales taxes separately itemized, collected from customers for payment to a federal, state or local taxing authority and actually paid to that authority.

7.5. **Franchise Marketing Fee**. Franchisee shall contribute monthly an amount equal to two percent (2%) of Franchisee's Gross Sales each month to the Marketing Fund or eight hundred dollars ($800) whichever is greater ("Marketing Fund Fee"). The base Marketing Fund Fee shall be payable on the fifteenth (15^{th}) of each calendar month for that month. Any balance owing shall be due and payable by the fifth (5^{th}) calendar day of each month based upon actual Gross Sales derived in the prior month. If Franchisee fails to pay the Marketing Fund Fee by the fifteenth (15^{th}) or fifth (5^{th}) calendar day of the month (as applicable), the Marketing Fund Fee shall be and Franchisee shall pay two and one-half percent (2.5%) of Franchisee's Gross Sales for the prior month, or eleven hundred dollars ($1,100), whichever is higher. Franchisor shall have the right from time to time to modify the percentage of Gross Sales that Franchisee shall contribute to the Marketing Fund, provided that Franchisor shall not establish a contribution rate greater than five percent (5%) of Franchisee's Gross Sales. Franchisee shall execute a bank authorization in the form attached hereto as Exhibit "B" or such other bank authorizations as Franchisor requests to enable Franchisor to automatically initiate debit entries and/or credit correction entries to Franchisee's bank account or credit card account for payments of the monthly royalty and advertising fees, or other amounts due to Franchisor under this Agreement, or any other agreement, including interest charges. Franchisee shall make sufficient funds available in its bank account for withdrawal by direct debit of fees due no later than each due date.

7.6. **Local Advertising; Grand Opening Advertising**. Franchisee shall spend the greater of two percent (2%) of Gross Sales or eight hundred dollars ($800) each month on local advertising to enhance the reputation of Franchisee's Store on a local level. All local advertising must first be submitted to and consented to by Franchisor before use. Franchisee shall furnish Franchisor with a monthly written report together with copies of receipts showing the expenditures made for local advertising in the prior month. Starting two (2) months prior to opening, and continuing for the first six (6) months of operations, Franchisee shall spend at least two thousand dollars ($2,000) per month on grand opening advertising.

7.7. **Cooperatives.** Franchisor shall have the right to establish geographic areas of local or regional advertising cooperative and to require franchisees in the applicable geographic area to actively participate in and contribute such amounts as determined by a majority vote of the advertising cooperative members. Franchisee's contributions to any such advertising cooperative shall in no event be less than two percent (2%) or more than five percent (5%) of Franchisee's monthly Gross Sales. Contributions to an advertising cooperative established by Franchisor shall apply as a credit against the amounts that Franchisee is required to spend for local advertising pursuant to Section 7.6. Franchisor may elect to administer the advertising cooperative's advertising. At Franchisor's election, Franchisor may require the advertising cooperative to be governed by certain written governing documents. If and when created, these documents shall be available to Franchisee for review. The cooperative may elect to prepare annual or periodic financial statements and make them available for review by franchisees. Franchisor shall have the power to form, change, dissolve or merge advertising cooperatives.

7.8. **Transfer Fee**. As a condition to transferring or assigning this Agreement, Franchisee shall pay Franchisor a non-refundable transfer fee equal to five thousand dollars ($5,000). The transfer fee may be increased by Franchisor from time to time to reflect increases in pricing and price levels based on increases in a Consumer Price Index reasonably designated by Franchisor.

7.9. **Renewal Fee**. As a condition to entering into a renewal franchise agreement, Franchisee shall pay Franchisor a non-refundable renewal fee of five thousand dollars ($5,000) for an additional term.

7.10. **Training Fees**. Franchisor shall provide initial training to two (2) management personnel designated by Franchisee, who will be responsible for the management of the Store. Franchisee shall pay Franchisor a non-refundable fee of seven thousand five hundred dollars ($7,500) for the first two (2) persons trained (the "Initial Training Fee") and two thousand five hundred dollars ($2,500) for each additional person trained at any time throughout the term of this Agreement. Franchisee's payment to Franchisor shall be paid prior to the start of training.

7.11. **Inspection and Audit of Books and Records**. At any time during business hours and without prior notice to Franchisee, Franchisor may inspect and audit the business records, bookkeeping and accounting records, sales and income tax records and returns and other records of the Store, as well as Franchisee's books and records. Franchisee shall fully cooperate with Franchisor's representatives and accountants in any inspection or audit.

7.12. **Audit Charges**. If any inspection or audit discloses a deficiency in payments to Franchisor then Franchisee shall immediately pay the deficiency. If the deficiency is three percent (3%) or more for any calendar month or larger period, then Franchisee shall also pay the cost of the audit as well as the travel, lodging, meals, compensation and reasonable professional service fees and other expenses of the inspecting or auditing personnel. If an inspection or audit discloses an overpayment, Franchisor will credit Franchisee for the overpayment, which may apply to amounts due in the future but shall not, under any circumstance, entitle Franchisee to any form of refund.

7.13. **Interest.** Any amount owed to Franchisor but not paid when due shall bear interest at sixteen percent (16%) per year or the maximum rate allowed by law. This provision does not authorize or excuse late payment.

7.14. **Liquidated Damage for Certain Breaches**. The parties acknowledge that in view of the nature of the franchise system and the difficulty of precise measurement of damage to Franchisor's trademarks and reputation, determining the precise amount of damage to Franchisor that would result from unauthorized deviation from any of Franchisor's standards or requirements would be particularly difficult. Accordingly, to simplify the process of determining damages, the parties agree that for any breach comprised of unauthorized deviation by Franchisee from any of Franchisor's standards or requirements, including but not limited to use or sale of unauthorized consumable or non-consumable items, beverage materials, or other non-authorized product, Franchisee shall pay Franchisor liquidated damages in the amount of one thousand dollars ($1,000) per breach and one thousand dollars ($1,000) for each day that the breach continues for a maximum amount of thirty (30) days or thirty thousand dollars ($30,000), whichever is greater. This liquidated damages provision is not an exclusive remedy and does not excuse the breach. Failure to cure the breach after notice shall be grounds for termination of this Agreement. This liquidated damages provision does not apply to breaches other than those described in this Section 7.14.

7.15 **Electronic Withdrawal Authorization**. Franchisee shall execute such bank authorizations as Franchisor requests, including Exhibit "B" attached hereto, to enable Franchisor to automatically debit Franchisee's bank account or credit card account for fees, charges, product purchase payments and all other amounts due to Franchisor and/or its affiliates under this Agreement.

Article 8. OBLIGATIONS OF FRANCHISEE

8.1. **Franchisee Services**. Franchisee shall offer for sale only products that Franchisor approves from time to time for sale at franchised NuYo® stores. Franchisor may from time to time add to, delete or modify products authorized for sale. Franchisee shall offer all products that Franchisor authorizes Franchisee to sell. Franchisee shall maintain high professional and ethical standards, observe preferred suppliers' program requirements, if any, established by Franchisor, and shall conduct no other business under Franchisor's Marks without Franchisor's prior written consent, which may be withheld in Franchisor's sole discretion. Franchisee shall only sell finished NuYo® products that have been approved for sale at the Store and only to retail customers. Franchisee shall not sell any NuYo® products, whether finished or unfinished, to any person or entity for resale.

8.2. **Full Time Effort**. In addition to Franchisee's other obligations in this Agreement, Franchisee shall at all times devote Franchisee's best efforts to operating the Store so as to maximize sales and revenues in compliance with this Agreement and the Manual and applicable law. Franchisee or a manager identified by Franchisee and consented to by Franchisor in writing, shall devote at least thirty (30) hours per week to active management of the franchised business. If Franchisee is an entity, then Franchisee shall designate an individual on whom Franchisor may rely for the personal active management of the franchised business pursuant to this Section 8.2. Franchisee shall ensure that at least one fully trained employee shall operate the Store during operating hours.

8.3. **Hours of Operation**. Franchisee shall operate the Store continuously during hours that Franchisor specifies, which may require Franchisee to open for business as early as 7 a.m. and to stay open until as late as midnight, and to be open as many as seven (7) days per week, and up to 365 days per year (366 days in a leap year). Franchisee acknowledges that Franchisee may be required to be open more or longer or otherwise different hours than Franchisor requires of other franchisees or company owned stores.

8.4. **Employees**. Franchisee shall assure that Franchisee's personnel are qualified, properly trained and competent to perform the services required of them. At least one (1) member of Franchisee's staff shall be certified by Franchisor during each shift. Franchisee shall, at Franchisee's expense, cause all replacement store managers to satisfactorily complete Franchisor's training program prior to commencing employment. Franchisee's store must be properly staffed and have employees that are fully trained to the specifications outlined in the manual.

8.5 **Flavors and Toppings**. Franchisee is required to continually rotate flavors and toppings. However, Franchisor may at any time require Franchisee to carry and serve specific flavors and toppings, with a minimum of three (3) business days' notice. Franchisor may require Franchisee to serve specific flavors and toppings not offered at other stores. Franchisee recognizes that fresh fruits and toppings are a large part of NuYo®'s success and brand. Franchisee must carry fresh fruit that meets fruit standards outlined in manual. Franchisee is aware that some fruits and toppings will cost more and be harder to locate at certain times of the year; this does not excuse franchisee from the obligation of purchasing and making these fruits and toppings available for sale. All fruits or toppings that franchisee chooses to sell must be approved in writing by Franchisor.

8.6. **Compliance with Law**. Franchisee shall assure that Franchisee and all employees comply with all applicable laws and regulations in operating the Store and providing goods and services to customers. Franchisee is aware that the Milk and Dairy Food Safety Branch of the California Department of Food and Agriculture and the California Department of Public Health have strict rules and regulations that must be followed regarding the use and production of frozen yogurt. Franchisee is encouraged to review the rules and regulations enforced by these agencies. Franchisor is in no way responsible for any loss in sales or profits that result from these enforced rules and regulations. Furthermore, Franchisor is not responsible for any deviations in profit projections, employee cost projections or product cost projections that result from Franchisee's obligation to follow the rules and regulations of said agencies.

8.7. **Quality Control and Inspection**. Franchisee shall operate the Store in accordance with Franchisor's standards of quality, production, appearance, cleanliness and service as prescribed by Franchisor and the Manual. At any time during business hours and without prior notice to Franchisee, Franchisor shall have the right to inspect the Store premises to ensure compliance with these requirements, including but not limited to the customer area, kitchen, offices and any other part of the Store premises. Franchisor shall have the right to require Franchisee to install and monitor security cameras at the Store and to provide copies of tape recordings to Franchisor upon request. Franchisee shall comply with all applicable privacy laws in connection with the installation and monitoring of such security systems.

8.8. **Solving Customer Complaints**. Franchisee shall provide prompt attention and response to any customer complaint and shall use its best efforts to resolve such complaint to customer's satisfaction. Franchisee shall inform Franchisor of any complaint that Franchisee fails to resolve to the customer's satisfaction within seven (7) business days. Franchisor shall have the right, but no obligation, to elect to assist or elect to mandate a resolution to the customer complaint. Franchisee shall, at Franchisee's sole expense, implement any resolution that Franchisor directs.

8.9. **Permits and Licenses**. Franchisee shall obtain and maintain all permits and licenses required for the operation of the franchised business.

8.10. **Financial Statements**. Franchisee shall provide Franchisor an annual income, profit and loss statement to Franchisor. Franchisee shall submit this to Franchisor, no later than the thirty-first (31^{st}) day after the end of a calendar year (that is, no later than January 31^{st}) using any forms that Franchisor prescribes and accurately reflecting all sales and other profit and loss data during the preceding year. Franchisee shall also provide Franchisor other data and information regarding operation and results of the franchised business that Franchisor specifies from time to time.

8.11. **Records and Reports**. Franchisee shall submit to Franchisor weekly and monthly sales reports, as well as other intervals or periods requested by Franchisor, on such forms prescribed by Franchisor. Franchisee shall maintain copies of all records and reports concerning the franchised business that Franchisee files with federal, state and local government agencies for at least seven (7) years and shall provide copies of those reports to Franchisor when filed.

8.12. **Purchases**. Franchisee shall purchase all food ingredients, materials and equipment from Franchisor or third party sources designated or approved in writing by Franchisor. Franchisee acknowledges that Franchisor may elect to be the sole authorized source for various items. Franchisor reserves the right to require that Franchisee purchase and use specific brand items in operating the Store.

8.13. **Alternate Supplier Qualifications**. If Franchisee wants to purchase required items, equipment, furniture or materials from a source other than Franchisor or Franchisor's approved suppliers, Franchisee shall first submit information to Franchisor concerning the proposed supplier and pay Franchisor's then current supplier evaluation fee. The submitted information shall include a complete description of the history and credit rating of the proposed supplier, a description of items Franchisee wants to purchase from the proposed supplier, information relevant to the proposed supplier's ability to satisfy Franchisor's standards, ability to provide reliable service, references, and other information that Franchisor may request or designate. Franchisee shall arrange for the proposed supplier to cooperate in testing or analysis in a manner that Franchisor designates, and at the expense of Franchisee or the supplier, to enable Franchisor to ascertain whether the supplier and proposed items to be purchased are of satisfactory quality, reliability and other characteristics. Franchisor will endeavor to notify Franchisee in writing whether Franchisor approves or disapproves the proposed supplier and the reasons for any disapproval, all within fifteen (15) business days after Franchisor's receipt of all information that Franchisor deems necessary to make its decision.

8.14. **Store Construction**. Franchisee shall hire an architect and general contractor from a list of Franchisor approved architects and general contractors. If Franchisee wants to hire an architect and/or general contractor that is not on the Franchisor approved list, Franchisee shall first submit such information requested by Franchisor concerning the proposed architect and/or general contractor. The submitted information shall include, but not be limited to, a comprehensive description of the proposed architect and general contractor contact information, copies of business and professional licenses, a list of recent, similar completed projects along with references, and any other information that Franchisor may reasonably request. At Franchisor's request and at Franchisee's expense, Franchisee shall arrange a meeting between Franchisor and the proposed architect and/or general contractor. Franchisor shall endeavor to notify Franchisee in writing whether Franchisor approves or disapproves of the proposed architect and/or general contractor within fifteen (15) business days after Franchisor's receipt of all information that Franchisor deems necessary to make its decision.

8.15. **Point of Sale System, Independent Access**. Franchisee shall purchase from Franchisor or other entity designated by Franchisor point of sale electronic cash register(s) or computer systems ("POS System") meeting specifications required by Franchisor. Franchisor shall have the right to require that the POS System connect electronically with and provide electronic access from equipment of Franchisee. Franchisee shall execute any and all necessary agreements and pay reasonable acquisition, service, maintenance, upgrade and other related fees and charges for the installation, set-up, maintenance servicing, use and other aspects of the POS System. Franchisee shall arrange to provide Franchisor with independent, direct access to all information and data in or generated by Franchisee and Franchisee's computerized point of sale and store management system. Franchisee is not allowed to modify any POS System function to block or in any way impair Franchisor's access to its computer systems, including the POS System.

8.16. **Surveys**. Franchisee shall present to customers of the Store evaluation and survey forms that Franchisor requests from time to time, and shall participate in and ask customers to participate in any evaluations and surveys performed by or on Franchisor's behalf, including providing promotional rewards to customers at Franchisee's expense, in exchange for such participation.

8.17. **Insurance**.

A. Franchisee shall obtain and maintain in effect: (1) broad form comprehensive general liability coverage, and broad form contractual liability and advertising injury coverage of at least two million dollars ($2,000,000) aggregate and with any deductible or self-insured retention being no more than ten thousand dollars ($10,000); (2) worker's compensation and employer's liability insurance for the Store's employees in statutory amounts; (3) unemployment insurance covering Franchisee's employees; (4) fire and extended coverage insurance on the Store and Franchisee's property adequate to replace it in the event of an insured loss; (5) business interruption insurance in sufficient amounts to cover rental of the Store location, previous profit margins, maintenance of competent personnel and other fixed expenses; (6) state disability insurance for Franchisee's employees as required by law; and (7) any other insurance required by law.

B. **Coverage Details**. The coverages in Section 8.17.A. shall (a) be in forms and amounts and with companies satisfactory to Franchisor but not less than the amounts stated; (b) include coverage for Franchisor and Franchisor's principals as additional insureds and provide that coverage applies separately to each additional insured against whom a claim is brought as if a separate policy had been issued to each additional insured; (c) provide indemnity for all obligations assumed by Franchisee in this Agreement and all other matters for which Franchisee is required to indemnify Franchisor under this Agreement; (d) provide that Franchisor is entitled to receive at least thirty (30) calendar days prior written notice of any intent to reduce coverage or policy limits, cancel or otherwise amend the policy.

C. **Revisions**. Franchisor shall have the right from time to time to revise minimum coverages, coverage amounts and covered risks that Franchisee is required to obtain and maintain. Promptly after delivery of written notice to Franchisee of such revisions, Franchisee shall obtain and thereafter maintain insurance conforming to the revised coverage requirements.

D. **Proof of Insurance**. Franchisee shall promptly provide Franchisor with certificates of insurance evidencing the coverage required by this Agreement no later than ten (10) calendar days before the Store starts operating. Franchisee shall deliver a complete copy of Franchisee's then prevailing policies of insurance within thirty (30) calendar days after delivery of the certificates of insurance. Immediately on renewal or the purchase of replacement insurance Franchisee shall deliver to Franchisor a certificate of insurance for the new or renewal policy. Franchisor shall have the right at any time to require Franchisee to provide Franchisor full copies of any or all Franchisee's insurance policies and certificates of insurance.

E. **Failure to Maintain Insurance**. If Franchisee fails to purchase and maintain insurance required by Sections 8.17.A. through 8.17.D., then Franchisor shall have the right, but no obligation, to obtain the insurance through agents and insurers Franchisor chooses, or such other insurance as Franchisor is able to obtain for such purpose. Franchisee shall, at Franchisor's election, pay all premiums for such insurance or reimburse premium payments made by Franchisor.

F. **Disclaimer**. Franchisor shall have no obligation to obtain or maintain any insurance for or on behalf of Franchisee. Nothing in this Agreement is an undertaking or representation that the insurance Franchisee is required to obtain and maintain will be a sufficient amount or scope of insurance for any purpose.

8.18. **Standards**. Franchisor shall have the right to establish standards, specifications and procedures for any or all aspects of the Store. Franchisee shall comply with all such standards, specifications and procedures imposed by Franchisor. Franchisee shall subscribe to, install and use any equipment and/or services required by Franchisor, including but not limited to a water filtration system and any other products or services required from time to time by Franchisor.

8.19. **Modifications**. Franchisor shall have the right, but no obligation, from time to time to modify selected or all elements of the NuYo® System. Franchisee acknowledges that modifications may result in additional expenses to Franchisee and may require Franchisee to invest additional capital in the Store. Franchisee shall implement modifications when requested by Franchisor. Such modifications shall be deemed to have taken place pursuant to the terms of this Agreement, and do not constitute modifications of this Agreement.

8.20. **Signage**. Franchisee shall display at the Store interior and exterior signs, menu boards, point of sale materials and displays that Franchisor has supplied or approved in writing. Franchisee shall display all signs, menu boards, point of sale materials and displays that Franchisor requires from time to time.

8.21. **Television and Music**. Franchisee will be required to play certain music and/or music videos chosen by Franchisor. Franchisee may also be required to carry an ongoing subscription for music and/or music videos. Franchisor has the right to change music and music video providers at any time at no charge to Franchisor. Franchisee may also be required to hire a disc jockey to play in the Store at least two (2) nights per month. Franchisee must submit the play list to Franchisor for approval one (1) week prior to performance date.

8.22. **Construction Permits**. Franchisee shall obtain all permits and licenses required to construct, occupy and operate the Store in compliance with plans and specifications furnished to Franchisee by Franchisor.

8.23. **Equipping**. Franchisee shall purchase and install all fixtures, furnishing, equipment and signs required to operate and shall operate the Store according to the Manual. Franchisee must purchase the minimum number of frozen yogurt and shaved ice machines that the Franchisor requires for Franchisee's specific location. The frozen yogurt and shaved ice machines must be new and must conform exactly to the make and model required by Franchisor. Franchisee recognizes that other franchisees may have different requirements for quantity and type of machines necessary for their specific locations. Franchisee may not purchase any used equipment without written authorization from Franchisor. In some instances, Franchisor will approve the purchase of used equipment rather than new.

8.24. **Inventory**. Franchisee shall purchase an opening inventory of NuYo® products, other inventory, and supplies according to the requirements in the Manual.

8.25. **Quality**. All goods that Franchisee offers to the public shall satisfy high quality standards that Franchisor establishes in the Manual and elsewhere, which may be updated from time to time.

8.26. **Prices**. Franchisee shall determine all pricing to Franchisee's customers. Franchisor may from time to time suggest prices. There is no representation that adherence to Franchisor's suggested pricing will increase or maximize revenues. When permitted by law, Franchisor may require Franchisee to adhere to reasonable minimum or maximum pricing requirements or restrictions.

8.27. **Vending Machines, Phones, Video Game Equipment**. Franchisee shall not install or operate in the Store any ATM machine, public telephone, jukebox, vending machine, lottery ticket terminal, video game or any other game or machine without Franchisor's prior written consent. Franchisee shall not make any addition to or change in the physical appearance, decor, characteristics or style of the Store without the prior written consent of Franchisor, which consent may be withheld or granted within Franchisor's sole discretion. Franchisor shall have the right to remove any unauthorized material at Franchisee's expense.

8.28. **Photography Release**. Franchisee hereby consents to the periodic taking by Franchisor of photographs of himself or herself (or if Franchisee is an entity, its owners) and the use of such photographs by Franchisor for any purpose in connection with the NuYo® System. Franchisee shall execute and deliver to Franchisor a Photography Release in the form attached as Exhibit "C."

Article 9. OBLIGATIONS OF FRANCHISOR

9.1 **Territorial and Site Assistance**. Franchisee acknowledges and agrees that Franchisee is responsible to select, acquire (by purchase or lease) and develop the premises and the Store. Franchisee shall first obtain Franchisor's written consent to the proposed location. In determining whether to consent, Franchisor may consider any factors that Franchisor considers relevant, which may include, but are not limited to size, appearance and other physical characteristics of the premises, and demographic characteristics, traffic patterns, competition from other businesses in the area and other commercial characteristics. Franchisee acknowledges that consent by Franchisor is not any form of assurance or recommendation regarding suitability or any particular results of the location. Franchisee shall provide Franchisor a copy of the fully executed lease within five (5) business days of its signing. Franchisee shall use its best efforts to cause the provisions contained in Exhibit "D" hereto to be included in the lease. If the parties cannot agree on a location for the franchise, either party shall have the right to terminate this Agreement. On termination under this Section 9.1, there shall be no refunds and Franchisor shall keep all Initial Franchise Fees paid.

9.2 **Layout and Interior Design Plans**. Franchisee shall hire and use at Franchisee's expense a licensed architect or general contractor to conduct a site survey and to prepare as-built drawings for the job site after the lease for the Store is signed. Following Franchisor's receipt of these materials, Franchisor shall provide Franchisee with a preliminary floor plan layout, equipment list and specifications, and finish material specifications for the Store, based upon Franchisee's as-built drawings. Franchisee shall pay Franchisor five thousand dollars ($5,000) when the as-built drawings are delivered to Franchisor. This fee is fully earned by Franchisor when paid and is not refundable under any circumstances. Franchisee shall, at Franchisee's expense, adapt the plan layout and specifications for the Store. Franchisee is solely responsible to construct and develop the Store and to obtain any financing needed to do so. Franchisee shall retain only licensed contractors to perform construction as specified in Section 8.14. Franchisee shall submit to Franchisor a complete set of final plans and specifications before starting construction of the Store. Franchisor shall review and either approve or provide comments on the plans and specifications. Franchisee shall not start construction of the Store until final plans and specifications have been approved in writing by Franchisor. Franchisee shall not modify any plans or specifications approved by Franchisor without first obtaining Franchisor's written consent to the modification.

9.3. **Store Build-up Support.** If needed, at Franchisor's sole discretion, Franchisor shall provide Franchisee with Store build-up process assistance, including providing a build-out handbook, interior and exterior prototype designs, and equipment specifications, among other things. Franchisee shall pay Franchisor's then standard rates for such assistance. Franchisor shall not be responsible for any delays caused during the build-out process.

9.4. **Maintenance of Location**. Franchisee shall obtain and maintain the right to occupy the premises during the entire term of this Agreement. Franchisee shall provide Franchisor with a copy of the proposed deed, proposed lease and other proposed instruments pertaining to Franchisee's ownership or right to occupy the premises at least ten (10) calendar days before executing or agreeing to any such instrument. Franchisee shall not execute or agree to any such instrument without first obtaining Franchisor's written consent.

9.5. **Opening Assistance**. In addition to the Initial Training referred to in Section 5.2, Franchisor shall provide Franchisee with on-site opening assistance for up to five (5) business days as determined by Franchisor. Franchisee shall pay all costs and expenses incurred by Franchisor's staff in providing such opening assistance, including but not limited to airfare, travel, lodging and meal expenses.

9.6. **Supplies and Supplier Information**. Franchisor shall provide Franchisee with information that Franchisor deems appropriate concerning sources of fixtures, furnishings, equipment, signs, inventory and supplies for use in operating the Store. Franchisee shall use only fixtures, furnishings, equipment, signs, inventory and supplies that meet Franchisor's specifications and standards and shall purchase these fixtures, furnishings, equipment, signs, inventory and supplies only from suppliers approved in writing by Franchisor.

9.7. **Information Updates**. Franchisor will endeavor to update Franchisee orally or in writing on industry and market condition changes that Franchisor identifies and considers important to Franchisee.

Article 10. TERM AND RENEWAL; TERMINATION RIGHTS

10.1. **Initial Term**. The initial term of this Agreement is five (5) years starting on the date stated in the introductory paragraph and lasting until close of business on the fifth (5^{th}) year anniversary of that date.

10.2. **Renewal**. Franchisee shall have the right to renew this Agreement for two (2) additional terms of five (5) years each. Franchisee's renewal right shall be subject to the conditions stated in Section 10.3.

10.3. **Renewal Conditions**. As conditions to renewal, (a) Franchisee shall have fully complied with this Agreement continuously throughout the term; (b) Franchisee shall be in full compliance with this Agreement at the time of requesting renewal and at the end of the term; (c) Franchisee shall deliver written notice of Franchisee's intent to renew at least ninety (90) calendar days but no more than one hundred twenty (120) calendar days before expiration of the applicable initial or renewal term; (d) the notice of intent to renew shall be accompanied by Franchisee's payment of a renewal fee described in Section 7.9; (e) prior to expiration of the then applicable initial or renewal term, but after waiting until the cooling off periods have passed under applicable federal and state franchise laws and regulations, Franchisee shall execute Franchisor's then current form of Franchise Agreement, which may include new and different terms, new and higher fees and other differences from this Agreement, and which shall be modified as needed to provide for the remaining number of renewal terms available to Franchisee consistent with Section 10.2; (f) before the start of the renewal term Franchisee shall sign a general release of all known and unknown claims against Franchisor, including a waiver of rights under Section 1542 of the California Civil Code; (g) Franchisee shall agree to remodel, redecorate, renovate and upgrade the Store to meet Franchisor's then current standards for NuYo® stores, and to complete the foregoing before the start of the renewal term, or within a period of time after the start of the renewal term as is acceptable to Franchisor; and (h) Franchisee shall have paid and shall be current on all amounts due to Franchisor and affiliates of Franchisor and third party creditors. Failure of any of these conditions precedent shall constitute an election by Franchisee not to renew this Agreement.

10.4 **Nonrenewal by Franchisor.** Franchisor will give Franchisee not less than one hundred eighty (180) days notice prior to the expiration of the current franchise term if Franchisor does not intend to renew Franchisee’s Franchise Agreement. Failure by Franchisor to renew this Agreement shall be for "good cause" which, for purposes of this section, shall mean the failure of Franchisee to substantially comply with one or more of the lawful conditions of renewal as set forth in Section 10.3 above.

10.5. **Termination by Franchisee**. Franchisee shall have the right to terminate this Agreement; (a) with the written consent of Franchisor, which Franchisor has no obligation to provide; (b) if Franchisor materially breaches this Agreement and fails to cure the breach, provided that before any such termination, Franchisee shall have delivered written notice of the breach to Franchisor stating the details of the breach and providing Franchisor thirty (30) calendar days to cure or, for a breach that cannot be cured in that period, thirty (30) calendar days to start efforts to cure and to complete the cure when practical for Franchisor.

10.6 **Termination by Franchisor.** Franchisor may terminate this Agreement prior to the expiration of its term for "good cause" which shall mean the failure of Franchisee to substantially comply with the lawful requirements imposed upon Franchisee by this Agreement.

10.7. **Franchisor's Termination Rights After Failure to Cure**. Except as stated in Section 10.8 (where immediate termination shall be appropriate), Franchisor shall have the right to terminate this Agreement effective on Franchisee's failure to cure a breach of this Agreement or of any other agreement with Franchisor or any affiliate of Franchisor, within sixty (60) calendar days after delivery of written notice of the breach; provided, however, that if the nature of Franchisee's default is such that more than sixty (60) calendar days is reasonably required for its cure, then Franchisee shall not be deemed to be in default if Franchisee commences the cure within this time and thereafter diligently prosecutes the cure to completion.

10.8. **Franchisor's Termination Rights Without Opportunity to Cure**. Franchisor shall have the right to terminate this Agreement immediately, without permitting Franchisee any opportunity to cure, in any of the following events:

(a) The attachment of an involuntary lien in the amount of one thousand dollars ($1,000) or more on any of Franchisee's business assets or property, which lien is not removed promptly and in any event, within fifteen (15) calendar days;

(b) Conduct of the franchised business in a manner that materially and adversely affects the goodwill or reputation of the NuYo® brand;

(c) Any purported assignment, transfer, or sublicense of this Agreement or of rights in this Agreement without the prior written consent of Franchisor;

(d) Franchisee becomes insolvent or makes a general assignment for the benefit of creditors or an admission of Franchisee's inability to pay Franchisee's obligations as they become due, or files a voluntary petition in bankruptcy or initiates any composition, adjustment, liquidation, dissolution or similar relief under any law, or admits or fails to contest the material allegations of any pleading filed against Franchisee seeking such relief, or is adjudicated bankrupt or insolvent, or a receiver is appointed for a substantial part of Franchisee's assets or the Store, or a final judgment or involuntary lien remains on record, unsatisfied for sixty (60) calendar days or longer;

(e) Franchisee abandons the franchise by failing to operate the business for five (5) or more consecutive business days when Franchisee is required to operate the business so that it is reasonable for Franchisor to conclude that Franchisee does not intend to continue to operate the business, unless that failure is due to fire, flood, earthquake or other similar causes beyond Franchisee's control;

(f) Franchisor and Franchisee agree in writing to terminate the franchise;

(g) Franchisee (or if Franchisee is an entity, any officer of Franchisee) makes or is discovered to have made any material misrepresentation relating to the acquisition or operation of the business or engages or is found to have engaged in conduct which reflects materially and unfavorably on the Marks, or on the operation or reputation of the Store or NuYo® System;

(h) Franchisee fails for a period of ten (10) calendar days after notification of noncompliance, to comply with any federal, state or local law or regulation whether or not the conduct or noncompliance is later corrected;

(i) Franchisee, after curing any breach, default or other failure, engages in the same conduct or noncompliance or suffers a recurrence of the breach, failure or default, whether or not the conduct, noncompliance or recurrence is corrected after notice;

(j) Franchisee fails on three separate occasions within a six (6) month period to comply with one or more requirements of this Agreement, whether or not corrected after notice;

(k) The franchise business or Store premises are seized, taken over or foreclosed by a government official exercising his or her duties, or seized, taken over or foreclosed by a creditor, lien holder or lessor, provided that a final judgment against Franchisee remains unsatisfied for thirty (30) calendar days (unless a superseding or other appeal bond has been filed); or a levy of execution has been made on the franchise and is not discharged within five (5) calendar days.

(1) Franchisee is convicted of a felony or any criminal misconduct which is relevant to the operation of the Store;

(m) Franchisee fails to pay fees or other amounts due to Franchisor or Franchisor's affiliate within five (5) calendar days after receiving written notice that the amount is past due;

(n) Franchisor reasonably determines that continued operation of the franchise by Franchisee will result in an imminent danger to public health or safety;

(o) Franchisee commits a fraud on Franchisor by submitting false sales reports that understate Gross Sales by five percent (5%) or more.

10.9. **Obligations After Termination**. Following termination of this Agreement for any reason:

(a) All renewal rights under Section 10.2 shall be deemed to be void and of no further effect;

(b) Franchisee shall immediately cease to operate the Store and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a NuYo® store.

(c) Franchisee shall immediately stop all use of the Marks, the Manual, and all elements of the NuYo® System, including all recipes, formulas, methods of operation, methods of preparation and service of yogurt and beverage items, know-how and trade secrets.

(d) Franchisee shall immediately return to Franchisor all confidential materials, signs, sign-faces, sign-cabinets, marketing materials, forms, invoices and other materials containing any Marks or otherwise identifying or relating to a NuYo® store that are in Franchisee's possession, custody or control. If Franchisee fails to return any such materials within seven (7) calendar days after demand by Franchisor, then Franchisor shall have the right to enter the premises of the Store to retrieve such materials as are located there.

(e) Franchisee shall immediately pay all amounts due to Franchisor and its subsidiaries and affiliates. In the event of termination for any default, such sums shall include all damages, costs and expenses, including reasonable attorney's fees incurred by Franchisor as a result of the default, which shall remain until paid in full, a lien in favor of Franchisor against any and all of the personal property, fixtures, equipment and inventory of the Store at the time of default;

(f) Franchisee shall immediately in writing notify all telephone companies and telephone directory publishers that Franchisee's rights under this Agreement have ended and that Franchisee intends to execute, and Franchisee shall execute all instruments needed to assign and transfer to Franchisor the right to use the phone numbers and to conduct the directory advertising used and conducted by Franchisee at or concerning the Store. If Franchisee fails to do so within seven (7) calendar days after demand by Franchisor, then Franchisee is deemed to have irrevocably appointed Franchisor as Franchisee's attorney-in-fact to execute such instruments on Franchisee's behalf;

(g) If Franchisor does not purchase the Store as provided in Section 10.10, then Franchisee shall immediately remove all signs and designs containing Franchisor's Marks from both the exterior and interior of the Store, change the exterior and interior appearance of the Store sufficiently to identify it as a NuYo® store and in other respects as Franchisor requests;

(h) Franchisee shall comply with Sections 11.4 and 11.5.

(i) Franchisee shall cancel any assumed name or equivalent registration which contains the NuYo® trademark and all other Marks of Franchisor. Franchisee shall provide Franchisor with such evidence as Franchisor requests complying with this obligation within twenty (20) calendar days after termination or expiration of this Agreement.

10.10. **Franchisor's Purchase of Assets Following Termination or Expiration**.

(a) Following termination or expiration of this Agreement other than due to Franchisor's uncured breach, Franchisor or Franchisor's assignee shall acquire from Franchisee, all of the Store's equipment, fixtures, inventory, products, materials furnishings and supplies related to the Franchise Business (the "Assets") and purchased or paid for by Franchisee under the terms of this Agreement or any ancillary or collateral agreement between Franchisor and Franchisee, that are, at the time of the notice of termination or nonrenewal, in the possession of Franchisee or used by Franchisee in the Franchise Business. Franchisor shall have the right to receive and Franchisee shall be obligated to sign all such documents and take all such actions necessary to deliver clear title to and possession of all items purchased by Franchisor

(b) The obligations of Franchisor to purchase the Franchisee's Assets set forth in Paragraph (a) above, shall not apply if any of the following events occur:

1. Failure of Franchisee to deliver clear title and possession of any item to be purchased by Franchisor;

2. Franchisee declines a bona fide offer of renewal from Franchisor;

3. Franchisor permits Franchisee to retain control of the principal place of the Franchised Business;

4. Any termination or nonrenewal of a Franchise due to a publicly announced and nondiscriminatory decision by Franchisor to completely withdraw from all franchise activity within the relevant geographic market area in which the Franchised Business is located.

5. Any items identified in Paragraph (a) above which are sold by Franchisee between the date of the notice of termination or nonrenewal, and the cessation of operations of the Store by Franchisee, pursuant to the termination or nonrenewal.

(c) Franchisor shall have the unrestricted right to assign the option in Section 10.10(a).

(d) Franchisor shall be entitled to receive from Franchisee such representations and warranties satisfactory to Franchisor concerning Franchisee's ownership of the Assets, condition of and title to the Assets, and absence of any liens and encumbrances on the Assets.

(e) The purchase price for the Assets shall equal the value of price paid, minus depreciation and minus all amounts owed by Franchisee to Franchisor and Franchisor's affiliates. If sums remain due Franchisor as a result of said termination or nonrenewal, in addition to offset of the purchase price to purchase the Assets of Franchisee, those sums shall remain outstanding and payable to Franchisor.

(f) Franchisor shall pay Franchisee the purchase price (or offset the purchase price against amounts owed by Franchisee to Franchisor) at closing of the purchase. The closing shall take place at a time designated by Franchisor within ninety (90) calendar days after Franchisee receives Franchisor's notice of exercise of the purchase option. Franchisor shall have the right to set off from the purchase price all amounts due from Franchisee to Franchisor under this Agreement as well as any other amounts due to Franchisor's affiliates. At closing, Franchisee shall deliver to Franchisor an assignment transferring good and marketable title to the Assets selected by Franchisor, free of liens and encumbrances, with all sales and other transfer taxes paid by Franchisee.

(g) If Franchisor elects, then the parties shall comply with applicable Bulk Sales provisions of the Uniform Commercial Code in the state where the Store is located and Franchisor shall have the right to delay the closing until such compliance is completed.

(h) At Franchisor's election, as part of the purchase, Franchisee shall deliver to Franchisor an assignment of the lease for the premises (or, if assignment is prohibited, subleases for the full remaining term and on the same terms as Franchisee's lease). If Franchisee owns the premises, Franchisee shall lease the premises to Franchisor pursuant to the terms of a form lease reasonably designated by Franchisor, for a term selected by Franchisor up to five (5) years with two (2) successive five-year renewal options at fair market rental during the initial and renewal terms.

(i) On closing the purchase of the Assets and satisfaction by Franchisee of all of Franchisee's obligations under this Agreement accruing through the closing, this Agreement will terminate.

10.11. **Interim Management**.

(a) If Franchisor exercises the option to purchase the Assets, then pending closing of the purchase, and at any other time when Franchisor is concerned that continued operation by Franchisee may cause harm to the Marks or NuYo® System or may endanger public health or safety, whether due to illness, death or otherwise, then Franchisor shall have the right, but not the obligation, to elect to appoint a manager to maintain operation of the Store, or, at Franchisor's option, require Franchisee to close the Store without removing any of the Assets.

(b) Franchisor's right in Section 10.11(a) does not establish any obligation to implement that right, whether as a lesser remedy to a breach or threatened breach by Franchisee or for any other reason. Franchisor may assume operation of the Store under Section 10.11(a) for ninety (90) calendar days (the "Management Period") upon notice to Franchisee. Franchisee shall cooperate fully with the transition of operations management to Franchisor or Franchisor's designated representative. The Management Period may be extended by Franchisor, in its reasonable discretion, for a period of up to twelve (12) consecutive months.

(c) If Franchisor appoints a manager to maintain operation of the Store pending closing of the purchase, or for other period of time or circumstances, then all funds from operation of the Store during the period of management by the appointed manager will be kept in a separate fund, and all expenses of the Store, including compensation, travel and living expenses of the manager, will be charged to that fund. As compensation for the management services, Franchisor shall be entitled to charge the fund and retain ten percent (10%) of Gross Sales, at a minimum of four thousand five hundred dollars ($4,500) per month, during the period of management.

(d) Operation of the Store during the period of management shall be on Franchisee's behalf, with Franchisor having a duty only to use Franchisor's good faith effort to manage the Store and without liability to Franchisee for debts or obligations incurred by the Store or to any of Franchisee's creditors for any goods or services purchased by the Store during the period of management by a manager appointed by Franchisor. During this period of management, Franchisee shall maintain in force for the Store all insurance policies required by this Agreement.

Article 11. PROTECTION OF INTANGIBLE PROPERTY

11.1. **Acknowledgment**. Franchisor may disclose certain confidential information (as described in Sections 1.4 and 4.3) to Franchisee in training, in the Manual and in guidance furnished to Franchisee. Franchisee acknowledges that the confidential information is proprietary to and includes trade secrets of Franchisor, and that Franchisee acquires no interest in such confidential information, other than the right to use such confidential information in operating the Store.

11.2. **Confidentiality**. Franchisee shall keep strictly confidential Franchisor's marketing and operation plans and programs, suggested pricing, proprietary materials, contents of the Manual, and all other information and materials that Franchisor designates as "Confidential." If requested by Franchisor, Franchisee shall require Franchisee's directors, managers, officers and employees to execute written agreements for the benefit of Franchisor in which they also agree to protect the confidentiality of the foregoing.

11.3. **Concepts Developed by Franchisee**. Franchisee shall fully and promptly disclose to Franchisor all ideas, concepts, formulas, recipes, methods, techniques and other possible improvements relating to the development or operation of a quick service yogurt, snack food and/or drink business conceived or developed by Franchisee or Franchisee's employees during the term of this Agreement. Franchisee may not test, offer, or sell any new products without Franchisor's prior written consent.

11.4. **Agreement Not to Compete.**

(a) The phrase "Covered Person" shall include Franchisee and, collectively and individually, all directors, officers and holders of any direct or indirect beneficial interest of five percent (5%) or more of the securities or other equity interests of Franchisee, or of any corporation, limited liability company, partnership or other form of entity affiliated with or directly or indirectly controlling Franchisee, and the spouses and each relative living in the same household as each such person who is an individual, if Franchisee is a corporation or limited liability company or other form of entity.

(b) The phrase "Competitive Business" means (a) any store or similar business specializing or in any way emphasizing yogurt, drinks, desserts, snacks or similar foods located within a ten (10) mile radius of any NuYo® store or (b) any entity granting franchises or licenses to others to operate a store or stores specializing in or emphasizing yogurt, drinks, desserts or snacks or similar foods.

(c) To assist Franchisor in protecting the confidential information against intentional or inadvertent misuse, during the term of this Agreement and for five (5) years after it expires without renewal or terminates, neither Franchisee, nor any Covered Person shall have any interest as an owner, investor, partner, lender, director, officer, manager, employee, consultant, representative or agent or in any other capacity in any Competitive Business. Franchisee shall take all steps necessary to assure compliance with this provision by all Covered Persons. Any violation of this Section 11.4(c) by any Covered Person shall constitute a material breach of this Agreement by Franchisee.

(d) Franchisee acknowledges that the scope of the restriction in Section 11.4(c) is narrow, and does not restrict anyone from engaging in the food service business outside of the narrow scope of Section 11.4(c) or from engaging in an entire trade or profession, and that Franchisee has other considerable skills, experience and education which afford Franchisee the opportunity to derive income from other endeavors and therefore the covenants in this Section 11.4 will not impose any undue hardship on Franchisee.

(e) The restrictions in this Section 11.4 shall not apply to ownership of (a) securities listed on a stock exchange or traded on the over-the-counter market that represent ten percent (10%) or less of the number of shares of the class of securities issued and outstanding or (b) other NuYo® stores operated pursuant to franchise agreements with Franchisor.

(f) Each of the covenants in this Section 11.4, and each portion of them, shall be construed as independent of any other covenant or provision. If all or any portion of a covenant is unenforceable due to its scope in terms of geography, duration, or activity covered or otherwise, but could be enforced if reduced in scope, then the parties agree to be bound by any lesser covenant subsumed within the terms of the covenant imposing the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 11.4.

11.5. **Hiring**. During the term of this Agreement and for a period of two (2) years after its termination or expiration without renewal, Franchisee shall not employ, recruit or hire any person who is at that time, or was within the immediately preceding six-month period, employed by Franchisor or by any franchisee of Franchisor, without obtaining the prior written consent of the applicable employer or former employer.

11.6. **Owner and Employee Covenants**. Before permitting any manager to start employment, Franchisee shall obtain and provide to Franchisor a written agreement from that manager, agreeing to be bound by the provisions of this Article 11.

Article 12. TRANSFER

12.1. **Assignment by Franchisor**. Franchisor shall have the right to assign Franchisor's rights under this Agreement, in whole or in part, on one or more occasions, without Franchisee's consent or prior approval.

12.2. **Restrictions on Transfer**. Franchisee's rights and obligations in this Agreement are personal to Franchisee. Franchisor has entered into this Agreement with Franchisee in reliance on Franchisor's perception of Franchisee's individual or collective character, skill, aptitude, attitude, business ability and financial capacity; and if Franchisee is not an individual, the same qualities of its owners and managers. Accordingly, Franchisee shall have no right to, and shall not purport to sell, assign or transfer, in whole or in part, any of Franchisee's interest in this Agreement and/or the Assets of the Franchisee, as defined in Section 10.10(a), without first obtaining Franchisor's written consent, which consent shall not be unreasonably withheld or delayed. The transfer application process shall be as follows:

(a) Franchisee shall notify Franchisor in writing of Franchisee's desire to transfer or sell his/her Store to another person(s) or entity (the "Transferee(s)).

(b) Within 15 calendar days of the receipt of the above notification, Franchisor shall provide the forms and then-existing standards for the approval of the proposed Transferee(s).

(c) As soon as practicable after receipt of the application forms referred to above, Franchisor shall notify, in writing, the Franchisee and proposed Transferee(s) of any additional information or documentation necessary to complete the transfer application.

(d) Franchisor shall, within 60 days after receipt of all the necessary information and documentation required pursuant to Subsection (b) and (c) above, notify Franchisee in writing of the approval or disapproval of the proposed sale, assignment or transfer of the Store. If the proposed sale, assignment or transfer is disapproved, Franchisor shall include in the notice of disapproval a statement setting forth the reasons for the disapproval.

12.3. **Conditions to Transfer Consent**. Among the conditions that Franchisor shall have the right to impose before granting consent to a proposed transfer by Franchisee are that: (a) Franchisee or the proposed transferee pay Franchisor the transfer fee described in Section 7.8; (b) Franchisee sign a general release of all known and unknown claims against Franchisor, including a waiver of rights under Section 1542 of the California Civil Code; (c) Franchisee pay all amounts owed to Franchisor, affiliates of Franchisor and third-party creditors; (d) Franchisee provide Franchisor with a complete copy of all agreements and proposed agreements concerning the proposed transfer together with certified financial statements of the prospective transferee; (e) Franchisee and the proposed transferee make any changes to the terms of the transfer, which may include changes to the substantive terms, requirements for subordination of debt repayment, and other changes, sufficient to satisfy Franchisor with regard to financial viability of the business and the transferee after the transfer; (f) the proposed transferee provide Franchisor with a completed application and complete all Franchisor's requirements applicable to a new franchisee; (g) Franchisor is satisfied with, and the proposed transferee provides information to assist Franchisor to determine if Franchisor is satisfied with, the proposed transferee's character, business experience and aptitude and financial stability and solvency; (h) the transferee expressly assumes in writing, all obligations of Franchisee under this Agreement and/or, at Franchisor's request, enter into Franchisor's then current form of Franchise Agreement, which may contain fees and other terms that materially differ from the terms of this Agreement, but which shall be modified to provide for a term and possible renewals equal in duration to the remainder of the term and possible renewals under this Agreement; (i) the proposed transferee shall agree to upgrade, remodel and refurbish the Store to Franchisor's current standards; and (j) Franchisee and the transferee obtain in writing, at Franchisee's expense, any required consent of the landlord of the premises of the Store.

12.4. **Participation as Broker**. Franchisor or Franchisor's designee shall have the right to assist as a finder or broker in any proposed sale of the franchise. If so, then Franchisee, as seller, shall pay a brokerage fee to Franchisor approximating an industry standard brokerage fee. The brokerage fee may be negotiated, depending on size, income and value of the Store being sold.

12.5. **Franchisor's Right of First Refusal**. Franchisor shall have a right of first refusal itself to accept the terms of any sale, transfer or assignment of any interest in this Agreement or in Franchisee, offered by Franchisee or by any one (1) or more owners of Franchisee or offered and proposed to be accepted by any of them, whether voluntarily, by operation of law or otherwise. If Franchisor exercises the right of first refusal, then Franchisor will also have the right but no obligation to substitute cash for any form of payment proposed in the offer, and will have thirty (30) calendar days after notifying Franchisee of its election to exercise the right of first refusal to prepare for closing. If a proposed transaction would involve more than fifteen percent (15%) of the stock or other ownership interest of Franchisee then Franchisor will also have the right but no obligation to purchase not only the interest involved but also all the remaining interests, to acquire up to one-hundred percent (100%) of the interest in Franchisee, at a price proportionate to the price of the interests initially involved. If Franchisor exercises the right of first refusal, then at Franchisor's request, Franchisee shall also take all action necessary to cause the lease for the location and any other agreements designated by Franchisor to be assigned to Franchisor. Franchisor will not exercise its right of first refusal so as to become a *partial owner* under the agreement or in the franchisee.

12.6 **Exercise of First Refusal**. To provide Franchisor the opportunity to exercise the right of first refusal, Franchisee shall deliver to Franchisor a written notice stating all the terms of any proposed sale, transfer or assignment covered by the right of first refusal and shall provide any additional information that Franchisor requests regarding the proposed transferee/assignee and the proposed transaction. Franchisee shall require its owners to provide Franchisee sufficient information to enable Franchisee to comply with this obligation with regard to a transaction proposed by any of the owners of Franchisee. Within twenty-one (21) calendar days after Franchisor receives the notice and the additional information requested by Franchisor, Franchisor will notify Franchisee whether it exercises or waives its right of first refusal.

12.7. **Non-Exercise of First Refusal**. If Franchisor does not exercise the right of first refusal in Section 12.5, then Franchisee (or Franchisee's owner(s)) may proceed with the proposed sale, transfer or assignment on the same terms provided to Franchisor. The proposed sale, transfer or assignment shall remain subject to Franchisor's consent to the proposed transferee as provided for in Section 12.3, If the proposed sale, transfer or assignment is not completed within one hundred and twenty (120) calendar days after delivery of the offer to Franchisor, or if there is any material change in the terms of the sale, then Franchisee shall again provide Franchisor notice of the purchase right provided for in Section 12.5 and Franchisor's right of first refusal shall be reinstated. Franchisee shall provide a copy of the closing escrow statement to Franchisor at close of escrow.

12.8. **Death or Disability**. If Franchisee, or a principal owner of a Franchisee that is an entity, dies or becomes permanently disabled, then the estate or conservator or equivalent for Franchisee or of the deceased or disabled principal owner shall have the right, during one hundred eighty

(180) calendar days following such death or disability, to demonstrate to Franchisor their capability to satisfactorily continue to operate the franchise, or to sell the franchise or the deceased or disabled person's interest in the franchise, to a transferee acceptable to Franchisor. This sale shall be subject to Franchisor's right of first refusal under Section 12.5, and to Franchisor's right of consent under Section 12.2. Failure to demonstrate ability to satisfactorily operate the franchise or to dispose of the interest within the specified time shall constitute a breach of this Agreement. For this Agreement, a "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent Franchisee or an owner of Franchisee from supervising the operation of the Store for a period of six (6) or more months from the start of the disability, impairment or condition.

12.9. **Effect of Consent to Transfer**. Franchisor's consent to a transfer, sale or assignment does not constitute a waiver of any claims Franchisor may have against Franchisee or the particular transferor, nor a waiver of Franchisor's right to demand full compliance by the transferee with the terms of this Agreement.

Article 13. INDEMNIFICATION

13.1. **Indemnity**. Franchisee shall defend, indemnify and hold harmless Franchisor and Franchisor's affiliated entities, and their respective members, shareholders, managers, partners, directors, officers, employees, agents, and representatives and other personnel (the "Indemnified Parties") from and against all claims, liabilities, demands, actions, damages and expenses including attorney's fees incurred in connection with or arising from or relating to (a) any breach of this Agreement by Franchisee, (b) any damages or injury to any customer, employee or other person suffered or incurred on or about the Store at any time; (c) product liability claims; (d) defective preparation by Franchisee of NuYo® products; (e) any acts or omissions by Franchisee or any of Franchisee's shareholders, members, directors, officers, employees, agents or contractors; or (f) other activities of or relating to Franchisee's business. Franchisee's obligations in this Section 13.1 shall include actual, consequential, and incidental damages and costs incurred in defense of any claim against any of the Indemnified Parties. Franchisor shall have the right to defend any such claim against Franchisor at Franchisee's expense. Franchisee's obligations in this Section 13.1 shall continue in full force and effect regardless of termination or expiration of this Agreement.

13.2. **Attorneys Fees**. In any dispute, collection action or action to enforce or interpret any provision of this Agreement, the prevailing party shall be entitled to recover attorneys fees and costs of suit.

Article 14. NOTICES

14.1. **Notices.** Any notice required or permitted by this Agreement shall be deemed to be delivered three (3) business days after deposited in the U.S. mail, postage prepaid, registered or certified mail, or when delivered by overnight courier, addressed to the receiving party at the following address or such other address as that party has given notice to the other:

FRANCHISOR:

NuYo® Frozen Yogurt, Inc.
Attention: Mr. Mackenzie Harder, President
120 5th Street
Encinitas, California 92024
Telephone: (916)-297-1880
Email: Mackenzieharder@hotmail.com

FRANCHISEE: ________________________________

____

____

____

Article 15. RELATIONSHIP

15.1. **Independent Contractors**. The parties intend to and shall be independent contractors. Nothing in this Agreement is intended to establish any principal-agency, parent-subsidiary, joint venture, fiduciary, partnership, employer-employee or other relationship, except where this Agreement expressly authorizes Franchisor to act as attorney-in-fact for Franchisee in specified circumstances.

15.2. **Disclosure**. In all dealings with third parties including customers, employees, suppliers and others, Franchisee shall disclose, in the manner that Franchisor specifies from time to time, that Franchisee is an independent entity from Franchisor.

15.3. **No Binding Other Party**. A party to this Agreement shall have no authority to create or assume any obligation, express or implied, or to act or purport to act as agent or representative of the other party for any purpose, except for any express authorization in this Agreement for Franchisor to act for and on behalf of Franchisee in specified circumstances. Franchisee's employees shall be deemed to be employees only of Franchisee and shall not for any purpose be deemed employees of Franchisor. The parties acknowledge that Franchisor has no authority to exercise control over hiring, termination, promotion, or demotion of Franchisee's employees or independent contractors, nor over their compensation, working hours or conditions or day-to-day activities, except as needed to protect the goodwill of the Marks and the NuYo® System.

15.4. **Taxes**. Franchisee shall be solely responsible and shall pay, and Franchisor shall have no liability for, any sales, use, service, occupation, excise, gross receipts, income, property or other tax, whether levied on Franchisee or Franchisee's assets or on Franchisor, arising from or in connection with Franchisee's sales or the business conducted by Franchisee, except for taxes that Franchisor is required by law to collect from Franchisee with regard to purchases from Franchisor and except for Franchisor's own income taxes.

Article 16. OFFSET

16.1. **Offset**. Franchisor shall have the right to retain any monies coming into Franchisor's possession of or relating to Franchisee or on Franchisee's behalf, to offset amounts owed by Franchisee to Franchisor.

Article 17. MODIFICATIONS

17.1. **Modification of Agreement**. This Agreement may be modified only by an instrument in writing signed by both parties.

17.2. **System Modification**. Franchisor shall have the right to modify the Manual and elements or all of the NuYo® System as Franchisor deems appropriate from time to time. Any of these modifications shall be deemed to occur in the performance of and pursuant to this Agreement, and do not constitute solicitations to modify this Agreement.

17.3. **Further Actions**. Franchisee shall execute such other documents and perform such further acts as Franchisor deems to be needed or desirable to carry out the purposes of this Agreement.

Article 18. LAW

18.1. **Applicable Law**. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California. If the laws of the state where the Store is located require terms other than those or in addition to those in this Agreement, then this Agreement shall be deemed to be modified to comply with the applicable state laws, but only to the extent needed to prevent invalidity or illegality of this Agreement. To the extent permitted by applicable law, Franchisee waives any provision of law which renders any provision of this Agreement prohibited or unenforceable in any respect.

Article 19. SEVERABILITY

19.1. **Severability**. If any provision of this Agreement is held to violate any applicable law, regulation or ordinance, that provision shall be deemed to be severed from this Agreement and the remainder of this Agreement shall remain in effect. All rights and remedies provided in this Agreement or by law are cumulative and not mutually exclusive.

Article 20. FAILURE TO ENFORCE

20.1. **Failure to Enforce**. Failure of a party to enforce any provision of this Agreement shall not constitute a waiver of the right subsequently to enforce the provision or to enforce other provisions of this Agreement. If any covenant in this Agreement which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited and/or length of time, but would be enforceable by reducing any part or all of the covenant, Franchisee and Franchisor agree that the covenant will be enforced to the fullest extent permissible under the laws in the jurisdiction where enforcement is sought.

Article 21. SUCCESSION OF BENEFITS

21.1. **Succession of Benefits**. The rights and obligations of this Agreement shall benefit and bind the parties and their permitted successors and assigns.

Article 22. MISCELLANEOUS

22.1. **Interpretation**. Headings, table of contents, gender and language usages in this Agreement are for convenience only and shall not be used to interpret or construe the terms of this Agreement. As used in this Agreement, the male gender shall include the female and neuter genders, the singular shall include the plural, and the plural, the singular and vice versa.

22.2. **Force Majeure**. Neither party will be liable for failure or temporary delay in performance of this Agreement, other than payment of money due to Franchisor, for the length of time caused by strike, terrorism, war, embargo, fire, flood or other disaster, act of God, pandemic, compliance with government order, or other force majeure event beyond the reasonable control of that party.

22.3. **Injunctive Relief**. Franchisee acknowledges that any breach or threatened breach of Sections 1.4, 4.3, 11.2, 11.4, 11.5 and 11.6 would cause irreparable harm to Franchisor, the Marks and the NuYo® System. Franchisee therefore agrees that if Franchisee breaches, or threatens to breach any of these provisions, Franchisor shall be entitled to permanent and temporary injunctive relief from any arbitration panel or court of competent jurisdiction in addition to other remedies allowed by law.

22.4. **Mediation**. The parties agree to mediate any dispute or claim arising out of this Agreement, or any resulting transaction, before resorting to arbitration or court action in Roseville, California. The parties shall share equally the cost of the mediator. If a party attempts to commence an action subject to this paragraph without first attempting mediation, then the action shall be stayed and the party shall not be entitled to recover attorneys fees and costs even if they would otherwise have been available to that party, provided that this Section 22.4 does not restrict a party from seeking provisional relief in court pending the outcome of mediation or arbitration.

22.5. **Arbitration**. Any controversy or claim arising out of or relating to this Agreement or its breach, including without limitation, any claim that this Agreement or any provision is invalid, illegal, void or voidable shall be submitted to arbitration before and in accordance with the commercial arbitration rules of the American Arbitration Association. To the extent permitted by law, the parties shall share equally the cost of the arbitration. The arbitration shall be conducted before an arbitrator who is familiar with franchising and franchise law. To the extent permitted by law, the parties and their respective guarantors waive any right to seek or recover punitive or exemplary damages against the other and agree that in the event of a dispute, the recovery shall be limited to actual damages sustained. This arbitration provision shall be governed by and construed under the Federal Arbitration Act (9 U.S.C. Section 1 et seq.). Judgment on an arbitration award may be entered in any court having competent jurisdiction and shall be final, binding and non-appealable. This arbitration provision shall be deemed to be self-executing and shall remain in full force and effect after expiration or termination of this Agreement. If a party fails to appear at a properly noticed arbitration proceeding, an award may be entered against that party by default or otherwise. Arbitration and/or mediation shall take place at Roseville, California.

22.6. **Exception to Mediation and Arbitration**. The obligations to arbitrate or mediate shall not bind either party regarding claims relating to trademarks, patents, and copyrights; any claim for fees or payments due from Franchisee to Franchisor or its affiliates; any lease or sublease of real property between the parties or their affiliated entities; requests by a party for provisional or interim relief to preserve the status quo or prevent irreparable harm pending the outcome of mediation or arbitration; any matter within the jurisdiction of a probate, small claims, or bankruptcy court; filing of a court action to enable the recording of a notice of pending action; or any other matter provided in this Agreement to be excluded from arbitration or mediation.

22.7. **Joint and Several Liability**. If Franchisee consists of two (2) or more persons or entities, whether or not as partners, joint ventures or co-owners, the obligations, liabilities, representations, warranties and all other provisions applicable to Franchisee shall be joint and several among such persons and entities.

Article 23. ACKNOWLEDGMENT BY PROSPECTIVE FRANCHISEE

23.1. **Entire Agreement**. This Agreement is the entire agreement of the parties into which all prior negotiations, commitments, representations and undertakings are merged and no modification or termination of this Agreement shall bind the parties unless executed in writing by all parties. Nothing in the Agreement is intended to disclaim the representations made to Franchisee in the Franchise Disclosure Document.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the day and year written herein.

FRANCHISOR:

NuYo® Frozen Yogurt, Inc.
A California Corporation

Date: ______________________________ By:___________________________________
Mackenzie Harder, President

FRANCHISEE:

____
(name of individual or entity)

Date: ______________________________ By:__________________________________
(signature of sole proprietor if a sole proprietorship)

Date: ______________________________ By:__________________________________
(signature of partner if a partnership)
(all partners must sign)

Date: ______________________________ By:__________________________________
(signature of additional partner if a partnership)

Date: ______________________________ By:__________________________________
(signature of additional partner if a partnership)

Date: ______________________________ By:__________________________________
(signature of additional partner if a partnership)

Date: ______________________________ By:__________________________________
(President, if a corporate entity is involved)

SHAREHOLDERS OR MEMBERS OF FRANCHISEE: (If a corporate entity is involved - all shareholders/members of Franchisee must sign and date and by signing hereunder agrees to be individually bound by all of the terms and conditions this Agreement)

Date: ______________________________ _____________________________________

Date: ______________________________ _____________________________________

FRANCHISE DISCLOSURE DOCUMENT

Date: ______________________________ ______________________________________

Date: ______________________________ ______________________________________

Date: ______________________________ ______________________________________

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT A

LOCATION

The location of the Store as defined in Section 1.2 shall be:

____

____

____

ASSIGNED TERRITORY

The Assigned Territory as defined in Section 2.1 of this Agreement shall be:

____

____

____

EXHIBIT B

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENT (DIRECT DEBITS)

The undersigned depositor ("Depositor") authorizes NuYo® Frozen Yogurt, Inc. ("NuYo®") to request debit entries and/or credit correction entries to the Depositor's checking and/or savings account(s) indicated below and the depository ("Depository") to debit the account according to NuYo®'s instructions.

______________________________ ______________________________

Depository Branch

____

____

Street Address, City, State, Zip Code

______________________________ ______________________________

Bank Transit / ABA Number Account Number

This authorization is to remain in full force and effect until Depository has received joint written notification from NuYo® and Depositor of the Depositor's termination of the authorization in a time and manner that will give Depository a reasonable opportunity to act on it. In spite of the foregoing, Depository will give NuYo® and Depositor thirty (30) calendar days' prior written notice of the termination of this authorization.

If an erroneous debit entry is made to Depositor's account, Depositor will have the right to have the amount of the entry credited to the account by Depository. Within fifteen (15) calendar days following the date on which Depository sent to Depositor a statement or notice pertaining to the entry, or forty-five (45) calendar days after posting, whichever occurs first, Depositor must send Depository a written notice identifying the entry, stating that the entry was in error, and requesting Depository to credit the amount of it to the account.

These rights are in addition to any rights Depositor may have under federal and state banking laws.

____________________ Depositor	____________________ Depository
____________________ By	____________________ By
____________________ Title	____________________ Title
____________________ Date	____________________ Date

EXHIBIT C

FRANCHISEE PHOTOGRAPHY RELEASE

I, __________________________, hereby sell, assign and grant NuYo® Frozen Yogurt, Inc, ("NuYo®") and its assigns, affiliates and successors (collectively hereinafter "Assigns") all right, title and interest to and permission to copyright, use, publish and republish photographs of me and negatives and reproductions thereof, in any form, whether in whole, part or composite form, electronic, digital or conventional; blurred, altered or distorted; in color or black and white; video or otherwise for art, trade, internal distribution or any other lawful purpose in any lawful manner anywhere in the world and/or on the worldwide web. I hereby waive any right to inspect or approve any final product of my photographs. I hereby release and discharge NuYo® and its Assigns and employees, directors and officers from all actions, claims, and demands of any nature which I, my heirs, executor, administrator, assigns or agents may have at any time now or in the future arising out of or related to the rights granted above or the photographs taken of me on or about the date noted above.

I hereby warrant that I am at least eighteen (18) years of age and have full right and capacity to contract in my own name with respect to the above.

I have read and understand the above and consent to the foregoing.

Franchisee's Signature: ____________________________________

Date: ____________________________________

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT D

2022

STATE FRANCHISE REGULATIONS WHICH SUPERSEDE OR MODIFY TERMS AND CONDITIONS OF THE FRANCHISE AGREEMENT

CALIFORNIA RESIDENTS

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

The Department of Financial Protection and Innovation requires that the Franchisor defer the collection of all initial fees from California franchisees until the Franchisor has completed all its pre-opening obligations and franchisee is open for business.

The Franchise Agreement requires binding arbitration of disputes. The arbitration proceeding will take place in the county in California in which NuYo® Frozen Yogurt, Inc. maintains its principal office (currently Placer County). Each party will bear their own costs of any such proceeding. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281 and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchisor will not enforce in California the prohibition on franchisee employing or soliciting for employment any current or former employee of Franchisor or its affiliates (also known as no-poach/non-solicitation provisions) in Sections 11.4 and 11.5 of the Franchise Agreement that is disclosed in Item 17m rows q and r.

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.

By law in California, we are required to make the following disclosures:

A. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Disclosure Document.

B. Neither the Franchisor nor any person nor Franchise Broker in Item 2 of the Disclosure Document is subject to any currently effective Order of any National Securities Association or National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78A et seq., suspending or expelling these persons from membership in such Association or Exchange.

C. California Business and Professions Code sections 20000 through 20043 provides rights to the Franchisee concerning termination, transfer or non-renewal of a Franchise. If the Franchise Agreement contains a provision that is inconsistent with the Law, the Law will control.

D. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law. (11 U.S.C.A. SEC. 101 ET SEQ.).

E. If the Franchise Agreement contains a covenant not to compete which extends beyond the termination of the Franchise, this provision may not be enforceable under California law.

F. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

G. Section 31125 of the Franchise Investment Law requires us to give to you a Disclosure Document approved by the Commissioner of the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.

H. You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

I. Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

J. The highest interest rate allowed by law in California is 10% annually.

K. Under California law, an agreement between a seller and a buyer regarding the price at which the buyer can resell a product (known as vertical price-fixing or resale price maintenance) is illegal. Therefore, requirements on franchisees to sell goods or services at specific prices set by the franchisor may be unenforceable.

EXHIBIT E

LEASE PROVISIONS

Please give this language to your prospective lessor and ask that it be added to the terms of your lease. We normally will not approve leases that do not include substantially similar provisions:

- Lessor will simultaneously give written notice to both NuYo® Frozen Yogurt, Inc. ("NuYo®") and Lessee of any default or non-renewal by Lessee under the lease. If Lessee does not cure any curable default during the time allowed by the lease, NuYo® may have an additional fifteen (15) calendar days within which to cure the default on its own behalf as assignee of the lease. Notice will be directed to NuYo® Frozen Yogurt, Inc., 120 5th Street, Encinitas, California, 92024.

- If the lease is terminated for any reason or if the franchise agreement between NuYo® and Lessee is terminated for any reason, NuYo® may enter the leasehold premises for purposes of removing all signs and other materials bearing NuYo® trade name, marks or other commercial symbols.

- In the event of a default of the Lease by Lessee or the default of the Franchise Agreement by Lessee, and upon written notice by NuYo® to have the lease assigned to NuYo® as lessee ("Assignment Notice"), (i) NuYo® will become the lessee of the Premises and will be liable for all obligations under the lease arising after the date of the Assignment Notice and (ii) the Lessor will recognize NuYo® as the lessee of the Premises effective as of the date of the Assignment Notice.

- Lessor may, upon NuYo®'s written request, disclose to NuYo® all reports, information or data in Lessor's possession regarding sales made in, upon or from the leased premises.

- The leased premises may be used by Lessee only for operation of a NuYo® Store.

EXHIBIT B

Employee Confidentiality, Nondisclosure and Noncompetition Agreement

FRANCHISE DISCLOSURE DOCUMENT

CONFIDENTIALITY, NONDISCLOSURE AND NONCOMPETITION AGREEMENT

This CONFIDENTIALITY, NONDISCLOSURE AND NONCOMPETITION AGREEMENT ("Agreement") is entered into this ____ day of _____________, _________, between ______________________________ ("Licensee") and ______________________________ ("Employee") with reference to the following:

RECITALS

A. Whereas Licensee is the employer of Employee; and

B. Whereas Licensee is the holder of a license/franchise from NuYo® Frozen Yogurt, Inc., a California corporation ("Company"), and as such is the beneficiary of certain confidential and proprietary information of the Company, which information Licensee is obligated to maintain confidential; and

C. Employee may in the course of his or her employment by Licensee have access to such proprietary information;

NOW THEREFORE, In connection with Employee's employment by Licensee for the period of such employment, and in consideration of all other obligations and promises and considerations of the parties, hereby acknowledged, the parties hereto agree as follows:

1. **Confidential Information**

1.1 Employee acknowledges that in the course of Employee's employment, Employee will have access to or become acquainted with secret or confidential information, knowledge or data, whether trade secrets or not, trade processes, and other proprietary information of Company (collectively "Confidential Information"). "Confidential Information" shall mean all disclosures and communications of information made to Employee by or at the direction of Franchisee or NuYo® Frozen Yogurt containing information not available to the general public. Confidential Information includes without limitation all recipes, formulas, and methods for preparation of NuYo®Frozen Yogurt products, product specifications, systems, procedures, techniques for food preparation, sales and marketing, development and operation procedures of NuYo® Frozen Yogurt stores, confidential marketing programs for NuYo® Frozen Yogurt stores, and confidential information on NuYo® Frozen Yogurt products, materials, suppliers, equipment, operating results and financial performance of NuYo® Frozen Yogurt stores, other trade secret information, and all portions of NuYo® Frozen Yogurt's Confidential Operations Manual.

Employee agrees that he/she will not, at any time during or at any time after termination of his/her employment with the Licensee, directly or indirectly use, disclose or convey to others any Confidential Information of the Company, or of others provided to the Company under agreement of secrecy for use by the Company in the course of its business, except as may be authorized and required by the Company in the course of Employee's employment with the Licensee. The provisions of this paragraph shall not apply to Confidential Information of the Company that has been voluntarily disclosed by the Company to the public, or otherwise enters the public domain through lawful means.

1.2 Whether prepared by Employee or not, all records, computer programs, computer-stored information, computer disks and other media, manuals, letters, files, drawings, notes, notebooks, reports, memoranda, customer lists, supplier lists, documents, equipment and the like relating in any manner to the Company's business, shall be and remain the Company's sole and exclusive property, and shall not be removed from the Licensee's premises without Company's prior written consent, nor will Employee make unauthorized copies of such information. Employee agrees to forthwith return to the Licensee and/or the Company, upon termination of Employee's employment, or upon the Company's request, all tangible forms of such Confidential Information, including but not limited to data or programs, documents, marketing information, data, specifications, trade secrets, inventions, processes, or any other material, together with all copies thereof and extracts therefrom. In addition, Employee agrees not to make or retain any copies or extracts of any of the foregoing, and will so represent to the Company in writing upon termination of Employee's employment or upon the Company's request.

2. **Conflicting Agreements**

2.1 Employee represents and warrants that he/she has no agreement with any other party that would preclude Employee's full adherence to the obligations required by Employee under the terms of this Agreement. Employee and Licensee agree and acknowledge that Company has all third party beneficiary rights to this Agreement, including enforcement of the terms contained herein.

3. **Restrictions**

3.1 During the course of employment with the Licensee, Employee shall not directly or indirectly render any services of a business, commercial or professional nature to any other person or organization which may be in competition with the business conducted by the Licensee or Company, whether for compensation or otherwise, without prior written consent of the Company.

3.2 While employed by the Company, and for one (1) year after termination of Employee's employment with the Licensee, Employee shall not directly or indirectly solicit for employment (whether as an employee, consultant, independent contractor, or otherwise), in competition with the Company or Licensee, any of the Licensee's other employees who work in any area in which Employee has been significantly engaged on behalf of the Licensee.

3.3 While employed at the Company, and for five (5) years after termination of Employee's employment with the Company, Employee shall not utilize any Confidential Information in any business in competition with the business conducted by the Licensee or Company.

4. **Miscellaneous**

4.1 If any arbitration, litigation, or other legal proceeding occurs between the parties relating to this Agreement, the prevailing party in such proceeding shall be entitled to recover (in addition to any other relief awarded or granted) its reasonable costs and expenses (including attorney's fees) incurred in the proceeding and any appeal therefrom.

4.2 In the event of breach or threat to breach of any provision of this Agreement, in addition to any other rights and remedies the Company or Licensee may have, the Company shall be entitled to temporary and permanent injunctive relief to prevent the breach or threatened breach without the necessity of proving actual damages or posting any bond or undertaking.

4.3 Employee understands and agrees that the obligations and undertaking of this Agreement shall continue in effect after termination of Employee's employment for any reason. This Agreement shall not be construed as a contract of employment between the Licensee and Employee, and does not confer on Employee a right to continue employment, or to a guaranteed rate of compensation.

4.4 Employee may not assign all or any portion of his/her rights, duties or obligations under this Agreement.

4.5 The provisions of this Agreement are severable, and if any one or more provisions may be ascertained to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions and any partially enforceable provisions shall nevertheless be binding and enforceable.

4.6 The provisions of this Agreement shall inure to the benefit of and may be enforced by the Company, its successors or assigns, and shall be binding upon the parties, their respective executors, administrators and other legal representatives.

4.7 Time is of the essence in the performance of all obligations under this Agreement.

4.8 This Agreement may not be amended or modified, in whole or in part, except in writing signed by both parties hereto.

4.9 This Agreement if executed after the commencement of Employee's employment, is hereby specifically made retroactive and effective as of the first day of Employee's employment.

4.10 This Agreement supersedes any agreement that may have previously been made or executed by the parties relating to this subject matter.

4.11 This Agreement shall be governed by the laws of the State of California. The venue of any action to enforce or construe this Agreement, or of any of the provisions hereof, shall be the Superior Court of Sacramento County, California.

____
(Employee's Signature)

____
(Printed Name)

____
(Address)

By: ________________________________
(Licensee’s Signature)

____
(Printed Name/Title)

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT C

Confidential Information Application

EXHIBIT D

Financial Statements

NuYo Frozen Yogurt Inc.

(a California Corporation)

Audited Financial Statements

As of the year ended December 31, 2023

Audited by:

Alice.CPA LLC

A New Jersey CPA Company

Financial Statements

NuYo Frozen Yogurt, Inc.

Table of Contents

Alice CPA

Independent Auditor's Report

February 29, 2024
To: Management of NuYo Frozen Yogurt, Inc.
Attn: Mackenzie Harder, CEO
Re: 2023 Financial Statement Audit – NuYo Frozen Yogurt, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NuYo Frozen Yogurt, Inc., which comprise the balance sheets as of December 31, 2023, and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NuYo Frozen Yogurt, Inc. as of December 31, 2023 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NuYo Frozen Yogurt, Inc.'s ability to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NuYo Frozen Yogurt, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NuYo Frozen Yogurt, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Sincerely,

Alice.CPA LLC

Alice.CPA LLC
Robbinsville, New Jersey
February 29, 2024

NuYo Frozen Yogurt, Inc.
BALANCE SHEET
As of December 31, 2023
(Audited)

ASSETS	2023
Current Assets	
Cash and cash equivalents	$ 53,114
Restricted cash for franchisee marketing	46,894
Inventory	3,998
Total Current Assets	104,006
Other Assets	
Related party loans	65,000
Total Other Assets	65,000
Total Assets	$ 169,006
LIABILITIES AND STOCKHOLDER'S EQUITY	
Current Liabilities	
Credit cards payable	$ 1,672
Brand marketing payable	46,894
Income tax payable	4,894
Line of Credit	65,000
Unearned revenue	11,739
Total Current Liabilities	130,199
Total Liabilities	130,199
Stockholder's Equity	
Common Stock, $0.0001 par value; 1,000,000 shares authorized; 1,000,000 shares issued and outstanding	100
Additional Paid in Capital	9,900
Retained earnings (Accumulated deficit)	28,807
Total Stockholder's Equity	38,807
Total Liabilities and Stockholder's Equity	$ 169,006

The accompanying footnotes are an integral part of these financial statements.

NuYo Frozen Yogurt, Inc.
INCOME STATEMENTS
For The Year Ended December 31, 2023
(Audited)

		2023
Revenues		
Royalty revenue	$	208,264
Franchise fees revenue		12,544
Other franchise revenue		-
Total Revenues		220,808
Operating Expenses		
General and administrative		13,022
Payroll		78,026
Professional services		8,642
Marketing		500
Total Operating Expenses		100,190
Other Income/(Expenses)		
Interest		(73)
Franchise tax		(3,312)
Income taxes		(1,560)
Total Other income/(Expense)		(4,945)
Net Income (Loss)	$	115,672

The accompanying footnotes are an integral part of these financial statements.

NuYo Frozen Yogurt, Inc.
STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
For the Year Ended December 31, 2023
(Audited)

	Common Stock		Additional Paid in Capital	Retained Earnings/ (Accumulated Deficit)	Total Stockholder's Equity
	Shares	Value ($ par)			
Balance as of December 31, 2022	1,000,000	$ 100	$ 9,900	$ 11,586	$ 21,586
Distributions	-	-	-	(98,451)	(98,451)
Net Income	-	-	-	115,672	115,672
Balance as of December 31, 2023	1,000,000	$ 100	$ 9,900	$ 28,807	$ 38,807

The accompanying footnotes are an integral part of these financial statements.

NuYo Frozen Yogurt, Inc.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023
(Audited)

		2023
Cash Flows from Operating Activities		
Net Income (Loss)	$	115,672
Adjustments to reconcile net income (loss) to net cash provided by operations:		
Changes in operating assets and liabilities:		
Credit cards		1,273
Brand marketing payable		17,902
Income taxes payable		2,512
Deferred revenue		(44)
Net cash provided by (used in) operating activities		137,315
Cash Flows from Investing Activities		
Net cash used in investing activities		-
Cash Flows from Financing Activities		
Distributions to Owners		(98,451)
Net cash used in financing activities		(98,451)
Net change in cash and cash equivalents		38,864
Cash and Restricted Cash, beginning of period		61,144
Cash and Restricted Cash, end of period	$	100,008
Supplemental information		
Interest paid	$	73
Income taxes paid	$	1,560

The accompanying footnotes are an integral part of the financial statements.

NUYO FROZEN YOGURT, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2023
(AUDITED)

NOTE 1 – NATURE OF OPERATIONS

NuYo Frozen Yogurt, Inc. (which may be referred to as the “Company”, “we,” “us,” or “our”) was registered in California on January 2, 2008, under the laws of the State of California as a small business corporation (S-Corporation). The Company markets and sells self-service frozen yogurt franchises under the Trademark NuYo Frozen Yogurt. The Company, through considerable time and effort, has developed distinctive business formats, systems, methods, procedures, designs, layouts, and specification for the operation of quick service stores specializing in healthy yogurt and related beverage and food items. Currently there are four franchise locations in Eastlake, Folsom, Telegraph Canyon and Roseville, California.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America ("US GAAP"). Any reference in these notes to applicable guidance is meant to refer to U.S. GAAP as found in the Accounting Standards Codification (“ASC”) and Accounting Standards Updates (“ASU”) of the Financial Accounting Standards Board (“FASB”).

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and footnotes thereto. Actual results could materially differ from these estimates. It is reasonably possible that changes in estimates will occur in the near term.

Significant estimates inherent in the preparation of the accompanying financial statements include valuation of provision for refunds and chargebacks, equity transactions and contingencies.

Concentration of Credit Risk

The Company maintains its cash with a major financial institution located in the United States of America, which it believes to be credit worthy. The Federal Deposit Insurance Corporation insures balances up to $250,000. At times, the Company may maintain balances in excess of the federally insured limits.

Cash and Restricted Cash

The Company considers short-term, highly liquid investment with original maturities of three months or less at the time of purchase to be cash equivalents. Cash consists of funds held in the Company’s checking account.

Restricted cash represents monies required to be used for franchisee marketing efforts. A separate bank account is used to deposit and pay for the franchisee marketing royalties and marketing efforts. See Brand Marketing Payable for additional information.

Inventory

Inventories are stated at cost. Inventories are cups and lids ordered in bulk for the franchisees. Franchisees will order the materials from the Company at a premium.

Fixed Assets

Property and equipment are stated at cost. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in the income statement.

Depreciation is provided on the straight-line method over the estimated useful lives of the related assets.

NUYO FROZEN YOGURT, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2023
(AUDITED)

Brand Marketing Payable

Brand Marketing Payable consists of unspent marketing fees paid by franchises to the Company. The Company collects these fees, and they are used to provide advertising and marketing fees to promote the franchises. The Company is under no obligation to spend a minimum amount of marketing fees in the year.

Unearned Franchise Fees

The Company receives franchise renewal fees to extend the franchise agreement for an additional five years. As the renewal fees do not have a distinct performance obligation, the fees are recognized on a straight-line basis over the term of the agreement. As of December 31, 2023 the Company has deferred renewal fees of $11,739.

Revenues

The initial franchise fee charged by the Company for new franchises is $40,000 per franchise. The Company charges a 6% royalty fee on Franchisee's gross sales, or $2,000 per month, whichever is greater. The Company also charges a 2% marketing fee on Franchisee's gross sales or $800 per month, whichever is greater. The Company has an agreement with the current franchises in existence, the marketing fee will be charged at 0.75% or $150, whichever is greater. The reduced marketing fee provided current franchises the flexibility to spend more on local marketing.

The Department of Corporations requires the Company to maintain a minimum cash balance of $5,000 to coincide with the refundable new franchise deposit and training fee.

Revenue Recognition from Franchise Sales

Initial franchise fee revenue for an individual franchise sale shall be recognized when all performance obligations related to the sale have been substantially performed or satisfied by the franchisor. Monies received prior to completion are recorded as a franchise deposit.

Renewal Franchise Fee Revenue

Royalties are due from franchisees as set forth in franchise agreements. Such royalties are recognized monthly over the agreement term. Renewal agreements have a 5 year term.

Income Taxes

The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under the provisions of this filing status, earnings from the company are passed through to the shareholders who are responsible for paying taxes on their individual shares of taxable income. The Company does pay a nominal tax to the State of California which is the greater of $800 or 1.5% of net income. The Company files income tax returns in the United States federal jurisdiction and California state jurisdiction.

The Company has not filed its income tax return for the period ended December 31, 2023, which will be subject to examination by the Internal Revenue Service under the statute of limitations for a period of three years from the date it is filed. There are no examinations currently in process.

Recent Accounting Pronouncements

The FASB issues ASUs to amend the authoritative literature in ASC. Management believes that those issued to date either (i) provide supplemental guidance, (ii) are technical corrections, (iii) are not applicable to us or (iv) are not expected to have a significant impact our financial statements.

NOTE 3 – LINE OF CREDIT; RELATED PARTY RECEIVABLE

In March 2023, the Company entered into a revolving line of credit agreement. The agreement provides for an advance of up to $65,000. Interest is accrued at the prime rate plus 9.45% per annum. As of December 31, 2023, the outstanding balance on the line of credit was $65,000.

The line of credit was entered into by the Company in order to fund the inception of a separate venture related to the Company by common ownership. The Company has not set forth any formal maturity date or interest rate on the funds loaned to the related party. The related party is solely responsible for the accrued interest on the Line of credit and pays the interest monthly. As of December 31, 2023, the outstanding related party loan receivable was $65,000.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

Litigation

The Company is not currently involved with and does not know of any pending or threatening litigation against the Company as of December 31, 2023.

NOTE 5 – SUBSEQUENT EVENTS

Management's Evaluation

Management has evaluated subsequent events through February 29, 2024, the date the financial statements were available to be issued. Based on this evaluation, no additional material events were identified which require adjustment or disclosure in the financial statements.

NuYo Frozen Yogurt Inc.

(a California Corporation)

Audited Financial Statements

Period of January 1, 2022 through December 31, 2022

Audited by:

TaxDrop

TaxDrop LLC
A New Jersey CPA Company

Financial Statements

NuYo Frozen Yogurt Inc.

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TaxDrop

Independent Auditor's Report

January 19, 2023
To: Board of Directors of NuYo Frozen Yogurt Inc.
Attn: MacKenzie Harder, CFO
Re: 2022 Financial Statement Audit – NuYo Frozen Yogurt Inc.

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of NuYo Frozen Yogurt Inc., which comprise the balance sheet as of December 31, 2022, and the related statements of income, changes in members' equity, and cash flows for the year then ended, and the related notes to the financial statements. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NuYo Frozen Yogurt Inc. as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our 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 NuYo Frozen Yogurt Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NuYo Frozen Yogurt Inc.'s ability to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NuYo Frozen Yogurt Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NuYo Frozen Yogurt Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Sincerely,

TaxDrop LLC

TaxDrop LLC
Robbinsville, New Jersey
January 19, 2023

Nuyo Frozen Yogurt, Inc.
BALANCE SHEET
As of December 31, 2022
(Audited)

ASSETS		**2022**
Current Assets		
Cash and cash equivalents	$	32,152
Restricted cash for franchisee marketing		28,992
Inventory		3,998
Total Current Assets		**65,142**
Total Assets	**$**	**65,142**
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current Liabilities		
Credit cards payable	$	399
Brand marketing payable		28,992
Income tax payable		2,382
Unearned revenue		11,783
Total Current Liabilities		**43,556**
Total Liabilities		**43,556**
Stockholder's equity		
Common Stock, $0.0001 par value; 1,000,000 shares authorized; 1,000,000 shares issued and outstanding		100
Additional Paid in Capital		9,900
Retained earnings (Accumulated deficit)		11,586
Total Stockholder's Equity		**21,586**
Total Liabilities and Stockholder's Equity	**$**	**65,142**

The accompanying footnotes are an integral part of these financial statements.

Nuyo Frozen Yogurt, Inc.
INCOME STATEMENTS
For The Year Ended December 31, 2022
(Audited)

	2022
Revenues	
Royalty revenue	$ 178,807
Franchise fees revenue	5,000
Other franchise revenue	8,717
Total Revenues	192,524
Operating Expenses	
General and administrative	14,826
Payroll	56,407
Professional services	17,538
Marketing	400
Total Operating Expenses	89,171
Other Income/(Expenses)	
Interest	(53)
Franchise Tax	(1,582)
Total Other income/(Expense)	(1,636)
Net Income (Loss)	**$ 101,717**

The accompanying footnotes are an integral part of these financial statements.

Nuyo Frozen Yogurt, Inc.
STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
For the Year Ended December 31, 2022
(Audited)

	Common Stock		Additional Paid in Capital		Retained Earnings/ (Accumulated Deficit)		Total Stockholder's Equity	
	Shares	Value ($ par)						
Balance as of December 31, 2021	**1,000,000**	**$ 100**	**$**	**9,900**	**$**	**(11,131)**	**$**	**(1,131)**
Distributions	-	-		-		(79,000)		**(79,000)**
Net Income	-	-		-		101,717		**101,717**
Balance as of December 31, 2022	**1,000,000**	**$ 100**	**$**	**9,900**	**$**	**11,586**	**$**	**21,586**

The accompanying footnotes are an integral part of these financial statements.

Nuyo Frozen Yogurt, Inc.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022
(Audited)

	2022
Cash Flows from Operating Activities	
Net Income (Loss)	**$ 101,717**
Adjustments to reconcile net income (loss) to net cash provided by operations:	
Changes in operating assets and liabilities:	
Accounts receivable	5,593
Inventory	554
Credit cards	(7,948)
Brand marketing payable	23,212
401K payable	(19,500)
Income taxes payable	1,582
Deferred revenue	(1,217)
Net cash provided by (used in) operating activities	**103,992**
Cash Flows from Investing Activities	
Net cash used in investing activities	**-**
Cash Flows from Financing Activities	
Distributions to Owners	(79,000)
Net cash used in financing activities	**(79,000)**
Net change in cash and cash equivalents	**24,992**
Cash and Restricted Cash, beginning of period	36,151
Cash and Restricted Cash, end of period	**$ 61,144**
Supplemental information	
Interest paid	53
Income taxes paid	-

The accompanying footnotes are an integral part of the financial statements.

NuYo Frozen Yogurt, Inc.
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

NOTE 1 – NATURE OF OPERATIONS

NuYo Frozen Yogurt, Inc. (which may be referred to as the "Company", "we," "us," or "our") was registered in California on January 2, 2008, under the laws of the State of California as a small business corporation (S-Corporation). The Company markets and sells self-service frozen yogurt franchises under the Trademark NuYo Frozen Yogurt. The Company, through considerable time and effort, has developed distinctive business formats, systems, methods, procedures, designs, layouts, and specification for the operation of quick service stores specializing in healthy yogurt and related beverage and food items. Currently there are four franchise locations in Eastlake, Folsom, Telegraph Canyon and Roseville, California.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America ("US GAAP"). Any reference in these notes to applicable guidance is meant to refer to U.S. GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Updates ("ASU") of the Financial Accounting Standards Board ("FASB").

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and footnotes thereto. Actual results could materially differ from these estimates. It is reasonably possible that changes in estimates will occur in the near term.

Significant estimates inherent in the preparation of the accompanying financial statements include valuation of provision for refunds and chargebacks, equity transactions and contingencies.

Concentration of Credit Risk

The Company maintains its cash with a major financial institution located in the United States of America, which it believes to be credit worthy. The Federal Deposit Insurance Corporation insures balances up to $250,000. At times, the Company may maintain balances in excess of the federally insured limits.

Cash and Restricted Cash

The Company considers short-term, highly liquid investment with original maturities of three months or less at the time of purchase to be cash equivalents. Cash consists of funds held in the Company's checking account.

Restricted cash represents monies required to be used for franchisee marketing efforts. A separate bank account is used to deposit and pay for the franchisee marketing royalties and marketing efforts. See Brand Marketing Payable for additional information.

Accounts Receivables

In 2021, the Company lent funds to the franchisees for additional marketing for the stores and the purchase of store inventory. As of December 31, 2022, the Company had a receivable balance of $0.

Inventory

Inventories are stated at cost. Inventories are cups and lids ordered in bulk for the franchisees. Franchisees will order the materials from the Company at a premium.

Fixed Assets

NuYo Frozen Yogurt, Inc.
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

Property and equipment are stated at cost. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in the income statement.

Depreciation is provided on the straight-line method over the estimated useful lives of the related assets.

Brand Marketing Payable

Brand Marketing Payable consists of unspent marketing fees paid by franchises to the Company. The Company collects these fees, and they are used to provide advertising and marketing fees to promote the franchises.

Unearned Franchise Fees

The Company receives franchise renewal fees to extend the franchise agreement for an additional five years. As the renewal fees do not have a distinct performance obligation, the fees are recognized on a straight-line basis over the term of the agreement. As of December 31, 2022 the company has deferred renewal fees of $11,783.

Revenues

The initial franchise fee charged by the Company for new franchises is $40,000 per franchise. The Company charges a 6% royalty fee on Franchisee's gross sales, or $2,000 per month, whichever is greater. The Company also charges a 2% marketing fee on Franchisee's gross sales or $800 per month, whichever is greater. The Company has an agreement with the current franchises in existence, the marketing fee will be charged at 0.75% or $150, whichever is greater. The reduced marketing fee provided current franchises the flexibility to spend more on local marketing.

The Department of Corporations requires the Company to maintain a minimum cash balance of $5,000 to coincide with the refundable new franchise deposit and training fee.

Revenue Recognition from Franchise Sales

Initial franchise fee revenue for an individual franchise sale shall be recognized when all performance obligations related to the sale have been substantially performed or satisfied by the franchisor. Monies received prior to completion are recorded as a franchise deposit.

Renewal Franchise Fee Revenue

Royalties are due from franchisees as set forth in franchise agreements. Such royalties are recognized monthly over the agreement term. Renewal agreements have a 5 year term.

Income Taxes

The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under the provisions of this filing status, earnings from the company are passed through to the shareholders who are responsible for paying taxes on their individual shares of taxable income. The Company does pay a nominal tax to the State of California which is the greater of $800 or 1.5% of net income. The Company files income tax returns in the United States federal jurisdiction and California state jurisdiction.

The Company has not filed its income tax return for the period ended December 31, 2022, which will be subject to examination by the Internal Revenue Service under the statute of limitations for a period of three years from the date it is filed. There are no examinations currently in process.

NuYo Frozen Yogurt, Inc.
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

Recent Accounting Pronouncements

The FASB issues ASUs to amend the authoritative literature in ASC. Management believes that those issued to date either (i) provide supplemental guidance, (ii) are technical corrections, (iii) are not applicable to us or (iv) are not expected to have a significant impact our financial statements.

NOTE 3 – COMMITMENTS AND CONTINGENCIES

Litigation

The Company is not currently involved with and does not know of any pending or threatening litigation against the Company as of December 31, 2022.

NOTE 4 – SUBSEQUENT EVENTS

Management's Evaluation

Management has evaluated subsequent events through January 19, 2023, the date the financial statements were available to be issued. Based on this evaluation, no additional material events were identified which require adjustment or disclosure in the financial statements.

FRANCHISE DISCLOSURE DOCUMENT

NuYo Frozen Yogurt, Inc.

(a California Corporation)

Audited Financial Statements

Period of January 1, 2021 through

December 31, 2021

Audited by:

TaxDrop

TaxDrop LLC

A New Jersey CPA Company

Financial Statements

NuYo Frozen Yogurt, Inc.

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TaxDrop

Independent Auditor's Report

April 19, 2022
To: Board of Directors of NuYo Frozen Yogurt, Inc.
Attn: Mackenzie Harder, CEO
Re: 2021 Financial Statement Audit - NuYo Frozen Yogurt, Inc.

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of NuYo Frozen Yogurt, Inc., which comprise the balance sheet as of December 31, 2021, and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NuYo Frozen Yogurt, Inc. as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our 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 NuYo Frozen Yogurt, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NuYo Frozen Yogurt, Inc.'s ability to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.
Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NuYo Frozen Yogurt, Inc.'s internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NuYo Frozen Yogurt, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Sincerely,

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TaxDrop LLC
Robbinsville, **New** Jersey
April 19, 2022

NuYo Frozen Yogurt, Inc.
BALANCE SHEET
As of December 31, 2021
(Audited)

ASSETS		**2021**
Current Assets		
Cash and cash equivalents	$	30,372
Restricted cash for franchisee marketing		5,780
Accounts Receivable		5,593
Inventory		4,552
Total Current Assets		**46 296**
Property and Equipment		
Machinery and equipment		1,544
Accumulated depreciation		(1,544)
Net Property and Equipment		**(0)**
Total Assets	$	**46,296**
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current Liabilities		
Credit cards payable	$	8,348
Brand marketing payable		5,780
401K payable		19,500
Income tax payable		800
Unearned revenue		13,000
Total Current Liabilities		**47,427**
Total Liabilities		**47 427**
Stockholders equity		
Common Stock, $0.0001 par value; 1,000,000 shares authorized; 1,000,000 shares issued and outstanding		100
Additional Paid in Capital		9,900
Retained earnings (Accumulated deficit)		(11,131)
Total Stockholder's Equity (Deficit)		**(1,131)**
Total Liabilities and Stockholder's Equity	$	**46,296**

The accompanying footnotes are an integral part of the financial statements.

NuYo Frozen Yogurt, Inc.
INCOME STATEMENT
For The Year Ended December 31, 2021
(Audited)

	2021
Revenues	$ **147 893**
Operating Expenses	
General and administrative	6,258
Payroll	78,255
Professional services	9,045
Total Operating Expenses	**93 558**
Other Income	
Gain on sale of equipment	4,000
Paycheck Protection Program loan forgiveness	21,290
Total Other Income	**25,290**
Net Income (Loss) before income taxes	**79,625**
State income taxes	**800**
Net Income	$ **78,825**

The accompanying footnotes are an integral part of the financial statements.

NuYo Frozen Yogurt, Inc.
STATEMENT OF STOCKHOLDERS' EQUITY
For The Year Ended December 31, 2021
(Audited)

	Common Stock Shares	Value ($ par)	Additional Paid in Capital	Retained Earnings/ (Accumulated Deficit)	Total Stockholders' Equity (Deficit)
Balance as of January 1, 2021	**1,000,000**	**$ 100**	**$ 9,900**	**$ 25,043**	**$ 35,043**
Distributions	-	-	-	(115,000)	(115,000)
Net Income	-	-	-	78,825	78,825
Balance as of December 31, 2021	**1,000,000**	**$ 100**	**$ 9,900**	**$ (11,131)**	**$ (1,131)**

The accompanying footnotes are an integral part of the financial statements.

NuYo Frozen Yogurt, Inc.
STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2021
(Audited)

		2021
Cash Flows from Operating Activities		
Net Income (Loss)	$	**78,825**
Adjustments to reconcile net income to net		
Cash provided by operating activities:		
Depreciation		(45,343)
Gain on sale of equipment		(4,000)
Paycheck Protection Program loan forgiveness		(21,290)
Changes in operating assets and liabilities:		
Accounts receivable		(5,593)
Inventory		(4,552)
Credit cards		7,763
Brand marketing payable		3,963
401K payable		19,500
Income taxes payable		800
Deferred revenue		1,000
Net cash provided by (used in) operating activities		**31,073**
Cash Flows from Investing Activities		
Disposal of Equipment		45,731
Proceeds from sale of equipment		4,000
Net cash used in investing activities		**49,731**
Cash Flows from Financing Activities		
Borrowings on Paycheck Protection Program loan		21,290
Distributions to Owners		(115,000)
Net cash used in financing activities		**(93,710)**
Net change in cash and restricted cash		**(12,906)**
Cash and Restricted Cash, beginning of period		49,058
Cash and Restricted Cash, end of period	$	**36,152**

The accompanying footnotes are an integral part of the financial statements.

NuYo Frozen Yogurt, Inc.
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

NOTE 1- NATURE OF OPERATIONS

NuYo Frozen Yogurt, inc. (which may be referred to as the "Company", "we," "us," or "our") was registered in California on January 2, 2008, under the laws of the State of California as a small business corporation (S- Corporation). The Company markets and sells self-service frozen yogurt franchises under the Trademark NuYo Frozen Yogurt. The Company, through considerable time and effort, has developed distinctive business formats, systems, methods, procedures, designs, layouts, and specification for the operation of quick service stores specializing in healthy yogurt and related beverage and food items. Currently there are four franchise locations in Chula Vista, Eastlake, Folsom and Roseville, California

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America ("US GAAP"). Any reference in these notes to applicable guidance is meant to refer to U.S. GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Updates ("ASU") of the Financial Accounting Standards Board ("FASB").

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and footnotes thereto. Actual results could materially differ from these estimates. It is reasonably possible that changes in estimates will occur in the near term.

Significant estimates inherent in the preparation of the accompanying financial statements include valuation of provision for refunds and chargebacks, equity transactions and contingencies.

Concentration of Credit Risk

The Company maintains its cash with a major financial institution located in the United States of America, which it believes to be credit worthy. The Federal Deposit Insurance Corporation insures balances up to $250,000. At times, the Company may maintain balances in excess of the federally insured limits.

Restricted Cash

Restricted cash represents monies required to be used for franchisee marketing efforts. A separate bank account is used to deposit and pay for the franchisee marketing royalties and marketing efforts. See Brand Marketing Payable for additional information

Accounts Receivables

In 2021, the Company lent funds to the franchisees for additional marketing for the stores and the purchase of store inventory. As of December 31, 2021, the Company had a receivable balance of $5,593. No allowance has been recorded, as the Company expects to be repaid in full during 2022.

Inventory

Inventories are stated at cost. Inventories are solely materials ordered in bulk for the franchisees. Franchisee's will order the materials from the Company at a premium.

Fixed Assets

NuYo Frozen Yogurt, Inc.
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

Property and equipment are stated at cost. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in the income statement.

Depreciation is provided on the straight-line method over the estimated useful lives of the related assets of three to **seven years.**

Brand Marketing Payable

Brand Marketing Payable consists of unspent marketing fees paid by franchises to the Company. The Company collects these fees, and they are used to provide advertising and marketing fees to promote the franchises.

Unearned Franchise Fees

The Company receives franchise renewal fees to extend the franchise agreement for an additional five years. As the renewal fees do not have a distinct performance obligation, the fees are recognized on a straight-line basis over the term of the agreement.

Income Taxes

The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under the provisions of this filing status, earnings from the company are passed through to the shareholders who are responsible for paying taxes on their individual shares of taxable income. The Company does pay a nominal tax to the State of California which is the greater of $800 or 1.5% of net income. The Company files income tax returns in the United States federal jurisdiction and California state jurisdiction

The Company has not filed its income tax return for the period ended December 31, 2021, which will be subject to examination by the Internal Revenue Service under the statute of limitations for a period of three years from the date it is filed. There are no examinations currently in process.

Revenues

The initial franchise fee charged by the Company for new franchises is $30,000 per franchise The Company charges a 5% royalty fee on Franchisee's gross sales, or $2,000 per month, whichever is greater. The Company also charges a 2% marketing fee on Franchisee's gross sales or$800 per month, whichever is greater. The Company has an agreement with the current franchises in existence, the marketing fee will be charged at 0.5% or $150, whichever is greater. The reduced marketing fee provided current franchises the flexibility to spend more on local marketing.

The Department of Corporations requires the Company to maintain a minimum cash balance of $5,000 to coincide with the refundable new franchise deposit and training fee

Revenue Recognition from Franchise Sales

Initial franchise fee revenue for an individual franchise sale shall be recognized when all performance obligations related to the sale have been substantially performed or satisfied by the franchisor. Monies received prior to completion are recorded as a franchise deposit

Renewal Franchise Fee Revenue

Royalties are due from franchisees as set forth in franchise agreements. Such royalties are recognized monthly as they become earned from the franchisee.

Recent Accounting Pronouncements

NuYo Frozen Yogurt, Inc.
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

In February 2019, FASB issued ASUNo. 2016-02, Leases, that requires organizations that lease assets, referred to as "lessees", to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases with lease tenns of more than 12 months. ASU 2016-02 will also require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases and will include qualitative and quantitative requirements. The new standard for nonpublic entities will be effective for fiscal years beginning after December 15, 2021. We are currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

The FASB issues ASUs to amend the authoritative literature in ASC. There have been a number of ASUs to date, including those above, that amend the original text of ASC. Management believes that those issued to date either (i) provide supplemental guidance, (ii) are technical corrections, (iii) are not applicable to us or (iv) are not expected to have a significant impact our financial statements.

NOTE 3 - COMMITMENTS AND CONTINGENCIES

Litigation

The Company is not currently involved with and does not know of any pending or threatening litigation against the Company as of December 31, 2021.

COVID-19

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak Nevertheless, the outbreak presents uncertainty and risk with respect to the Company, its perfonnance, and its financial results.

NOTE 4 - SUBSEQUENT EVENTS

New Franchise

In March 2022, the Company has opened its fifth franchise store in West Roseville, California. This location was agreed upon in 2021 but due to delays the store did not begin operations until 2022. There are no differences between this new franchise and the previous four.

Management's Evaluation

Management has evaluated subsequent events through April 19, 2022, the date the financial statements were available to be issued. Based on this evaluation no additional material events were identified which require adjustment or disclosure in the financial statements.

EXHIBIT E

List of State Agencies/Agent for Service of Process

FRANCHISE DISCLOSURE DOCUMENT

LIST OF AGENCIES/AGENTS FOR SERVICE OF PROCESS

http://www.ftc.gov/bcp/franchise/netdiscl.shtm

Last updated April 1, 2022

California

California Department of Financial Protection and Innovation
Commissioner of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500
www.dfpi.ca.gov

EXHIBIT F

Schedule of Franchises/Licenses

FRANCHISE DISCLOSURE DOCUMENT

SCHEDULE OF FRANCHISEES/LICENSEES

GWM LLC Gilda Gabriela Mariscal
555 Telegraph Canyon Road
Chula Vista, California 91910
Phone: (619) 591-9837

Sergio Elias Pianko
2127 Olympic Parkway #1009
Chula Vista, California 91915
Phone: (619) 482.9964

Agapimu LLC
9213 Sierra College Blvd. #100
Roseville, California 95661
Phone: (916) 788-0543

Navdeep Shergill
2750 East Bidwell #300
Folsom, California 95630
Phone: (916) 817-8661

Andrew Puccioni
190 Roseville Parkway, Suite 150
Roseville, CA 95678
(530) 401-8258

EXHIBIT G

Landlord's Consent to Assignment

LANDLORD'S CONSENT TO ASSIGNMENT

______________________________, ("Landlord") hereby consents to the Assignment of Lease to NuYo® Frozen Yogurt, Inc., a California corporation ("Company") for the purpose of securing ______________________________ ("Lessee") obligations to the Company. The Landlord further covenants that so long as Company has not entered into possession of the leased premises it shall not be liable for rent or any other obligation of Lessee under said lease, that Lessee shall be and remain liable to Landlord for each and every obligation under said Lease, and that in the event of default of Lessee, Landlord shall not take any action to terminate said lease without first giving Company twenty (20) days notice of such breach and an opportunity to cure said breach within such twenty (20) day notice period.

LANDLORD:

By: ________________________________

Its: ________________________________

Print Name/Title: ______________________

STATE OF CALIFORNIA)
County of San Diego)

On ______________________ before me, ___________________________________, personally
(name and title of the officer)
appeared____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature __________________________________ (Seal)

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT H

Table of Contents for Company Operations Manual

Table of Contents

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT I

Guaranty

FRANCHISE DISCLOSURE DOCUMENT

PERSONAL GUARANTEE BY SHAREHOLDERS OF A CORPORATION OR MEMBERS OF A LIMITED LIABILITY COMPANY

The undersigned represent and warrant that they constitute *[check whichever statement applies]* of ____(Franchisee)

[ ] the shareholders of one hundred percent (100%) of the originally issued and outstanding capital stock of the above Franchisee, a corporation

[ ] one hundred percent (100%) of the members of the above Franchisee limited liability company ("LLC") organized under the laws of the state of ________________.

Waiving demand and notice, the undersigned hereby, jointly and severally, personally guarantee the full payment of Franchisee's money obligations under Section ___ and the performance of all of the Franchisee's other obligations under this Franchise Agreement, including, without limitation, Section __ in its entirety relative to the restrictions on activities. The undersigned personally agree that the Franchise Agreement shall be binding upon each of them personally. The undersigned, jointly and severally, agree that NuYo® Frozen Yogurt Inc., may, without notice to or consent of the undersigned, (a) extend, in whole or in part, the time for payment of Franchisee's money obligations under paragraph _; **(b) modify, with the consent of Franchisee, Franchisee's money or other obligations under this Agreement; and** (c) settle, waive or compromise any claim that NuYo® Frozen Yogurt Inc., has against FRANCHISEE or any or all of the undersigned, all without in any way affecting this personal guarantee, which is intended to take effect as a sealed instrument.

Date:

______________________________, Witness	______________________________, individually

Print Name: ____________________

Date:

______________________________, Witness	______________________________, individually

Print Name: ____________________

Date:

______________________________, Witness	______________________________, individually

Print Name: ____________________

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT J

Sublease

FRANCHISE DISCLOSURE DOCUMENT

SUBLEASE

This Sublease ("Sublease") is made and entered into this ____ day of ____________, 20__ by and between _____________________ ("Master Tenant") and _____________________ ("Tenant/Sublessee"), with reference to the following:

A. Pursuant to the terms of that certain Lease, dated ___________, 20__ by and between _____ as lessor ("Landlord") and ________________, as tenant ("Master Tenant") ("Master Lease"), a copy of which is attached hereto as Exhibit "A", Master Tenant leased certain improved real property located at, and commonly identified as _____________________ ("Premises").

B. On __________, 20__, NuYo® Frozen Yogurt, Inc., a California corporation ("NuYo®") and Tenant/Sublessee entered into that certain Franchise Agreement, dated __________, 20___ ("Franchise Agreement").

C. Master Tenant and Tenant/Sublessee desire to enter into this Sublease to enable Tenant/Sublessee to occupy the Premises, to perform the obligations of the Tenant under the Master Lease and to provide Master Tenant the ability to reenter the Premises in the event of default by Tenant/Sublessee in any obligation due under the Franchise Agreement or the Sublease.

NOW THEREFORE, the parties agree as follows:

1. Sublease. Master Tenant hereby subleases the Premises to Tenant/Sublessee, and Tenant/Sublessee accepts the Sublease, on the terms and conditions herein and Tenant/Sublessee's act of taking possession will be an acknowledgment that the Premises are tenantable and in good condition.

2. Term. The term of this Sublease starts at the date of this Sublease and shall remain in full force and effect for a term of five (5) years unless terminated earlier due to Tenant/Sublesee's default hereunder or the expiration or earlier termination of the Franchise Agreement ("Term"). The Sublease term will renew automatically when the Franchise Agreement is renewed for the same term of renewal as the Franchise Agreement.

3. Obligations Under Lease. Tenant/Sublessee agrees to assume all responsibilities and perform all duties of Master Tenant under the Master Lease. Master Tenant shall have all rights and remedies of the lessor under the Master Lease for a failure by Tenant/Sublessee to fulfill its obligations under the Sublease. Tenant/Sublessee shall pay rent to [Master Tenant/Landlord].

4. Use of Premises. Tenant/Sublessee may use the Premises for any purpose that is permitted by both the Master Lease and the Franchise Agreement. Tenant/Sublessee shall, at Tenant/Sublessee's expense, comply promptly with all statutes, ordinances, rules, regulations, orders and requirements of any government authority relating to use of the Premises. Tenant/Sublessee accepts the Premises in their condition existing on the date of this Sublease,

subject to all municipal, county, state and other laws and regulations affecting the use of the Premises.

5. Additional Duties of Tenant/Sublessee With Respect to Lease. If Master Tenant is required to execute or deliver any documents or perform any acts under the Master Lease, Tenant/Sublessee agrees to execute and deliver any such documents and perform any acts that Master Tenant may require and that Master Tenant deems to be reasonably necessary to enable Master Tenant to comply with its obligations under the Master Lease.

6. Security Deposit Disclaimer. Tenant/Sublessee acknowledges that on expiration of this Sublease, any security deposit presently on deposit with Landlord shall belong to Master Tenant and Tenant/Sublessee shall have no right therein or thereto.

7. Eminent Domain. If the Premises are taken in whole or part by condemnation proceedings or eminent domain, or are conveyed in avoidance or settlement of such proceedings or under the threat thereof, Master Tenant may elect, without incurring any liability to Tenant/Sublessee, to terminate this Sublease on the date the condemning authority takes title or possession or on any such conveyance. Tenant/Sublessee shall be entitled to receive only that portion, if any, of the condemnation award, sale price or settlement amount which is expressly allocated by the condemning authority or by the terms of the sale or settlement to losses caused by the interruption or relocation of Tenant/Sublessee's business.

8. Assignment and Subletting. Tenant/Sublessee shall not voluntarily or by operation of law assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of Tenant/Sublessee's interest in this Sublease or in the Premises without Master Tenant's prior written consent, which consent Master Tenant shall have no obligation to give and may withhold in Master Tenant's absolute and unfettered discretion. Master Tenant disclaims any restriction on withholding such consent. By way of illustration, Master Tenant may withhold consent to a proposed assignment or transfer that does not also include an assignment and transfer of the Franchise Agreement that has been consented to by NuYo®. Any attempted assignment, transfer, mortgage, subletting or encumbrance without NuYo®'s and Master Tenant's prior written consent shall be void and shall constitute a breach of this Sublease. The consent of NuYo®and Master Tenant to any one assignment, transfer, mortgage, subletting or encumbrance shall not be deemed to be a consent to any subsequent assignment, transfer, mortgage, subletting or encumbrance. Regardless of NuYo®'s and Master Tenant's consent, no subletting or assignment shall be permitted that could potentially alter the primary liability of Tenant/Sublessee to pay rent or release Tenant/Sublessee of Tenant/Sublessee's obligation to perform all other obligations to be performed by Tenant/Sublessee under this Sublease unless Master Tenant's written consent shall specifically so provide.

9. Master Lease Termination. In the event the Master Lease expires or terminates, this Sublease shall likewise expire or terminate immediately and Master Tenant and Tenant/Sublessee shall be released from all obligations under this Sublease.

10. Brokers and Finders. Master Tenant and Tenant/Sublessee agree that the execution of this Sublease was not induced or procured through any person, firm or corporation acting as a broker or finder. Each party agrees to hold the other harmless from any loss, damage or expense resulting

from any claim by any third party that such third party acted as a broker or finder for or in connection with this transaction on behalf of that party.

11. Indemnification. Tenant/Sublessee agrees to indemnify and hold Master Tenant harmless from and against any claim, liability, loss, damage, cost and expense (including attorneys' fees) of any nature whatsoever which Master Tenant may incur under the Master Lease, this Sublease or otherwise, by reason of any acts or omissions of Tenant/Sublessee or any failure by Tenant/Sublessee to timely and fully perform Tenant/Sublessee's obligations hereunder.

12. Notices. All notices required, permitted or desired to be given hereunder shall be in writing and shall be deemed given when delivered by hand or three business days after being deposited in the United States mail, certified or registered, postage and fees prepaid, return receipt requested, addressed to the parties as follows:

To Master Tenant:	To Tenant/Sublessee:
Attn:	Attn:
Address:	Address:
City, State, Zip:	City, State, Zip:
Phone:	Phone:

The address to which notices shall be sent may be changed by either party from time to time by notice to the other party given in accordance with the foregoing provisions of this paragraph 12.

13. Exemption of Master Tenant from Liability. Master Tenant shall not be liable for any damage or injury to Tenant/Sublessee's business or any loss of income therefrom, or to any goods, wares, merchandise, equipment or other property of Tenant/Sublessee, or to any of Tenant/Sublessee's employees, agents, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether said damage or injury results from conditions arising on the Premises or on other portions of the building of which the Premises are a part, or from other sources or places and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Tenant/Sublessee.

14. Default by Tenant/Sublessee. The occurrence of any one or more of the following events shall constitute a material default and breach of this Sublease by Tenant/Sublessee entitling Master Tenant to terminate this Sublease:

(a) Vacating or abandonment of the Premises by Tenant/Sublessee.

(b) Failure by Tenant/Sublessee to make any payment of rent or any other payment required to be made by Tenant/Sublessee under this Sublease to [Master Tenant /Landlord], as and when due, where such failure shall continue for a period of five (5) calendar days after Master Tenant provides written notice to Tenant/Sublessee of such failure. Master Tenant and Tenant/Sublessee hereby waive any other notice period required by any statute or law now or hereinafter in force.

(c) Failure by Tenant/Sublessee to observe or perform any of the terms of this Sublease to be observed or performed by Tenant/Sublessee other than described in paragraph (b) above, where the failure continues for a period of five (5) calendar days after written notice of the failure to Tenant/Sublessee; provided, however, that if the nature of Tenant/Sublessee's default is such that more than five (5) calendar days are reasonably required for its cure, then Tenant/Sublessee shall not be deemed to be in default if Tenant/Sublessee commences the cure within the 5-calendar day period and thereafter diligently prosecutes such cure to completion.

(d) Failure by Tenant/Sublessee to observe or perform any of the terms or conditions of the Franchise Agreement to be observed or performed by Tenant/Sublessee, as franchisee, where such failure shall continue for a period of thirty (30) calendar days or such other time stated in the Franchise Agreement (whichever is shorter) after written notice of such failure to Tenant/Sublessee; provided, however, that if the nature of Tenant/Sublessee's default is such that more than the time provided in the notice is reasonably required for its cure, then Tenant/Sublessee shall not be deemed to be in default if Tenant/Sublessee commences the cure within the time specified in the notice and thereafter diligently prosecutes the cure to completion.

(e) Tenant/Sublessee becomes insolvent or makes a general assignment for the benefit of creditors, or admits inability to pay Tenant/Sublessee's obligations as they become due, or files a voluntary petition in bankruptcy or initiates any composition, adjustment, liquidation, dissolution or similar relief under any law, or admits or fails to contest the material allegations of any pleading filed against Tenant/Sublessee seeking such relief, or is adjudicated bankrupt or insolvent, or a receiver is appointed for a substantial part of Tenant/Sublessee's assets or the Store, or a final judgment or involuntary lien remains on record, unsatisfied for sixty (60) days or longer; provided, however, in the event that any provision of this paragraph 14(e) is contrary to any applicable law, such provision shall be of no force or effect.

15. Cross Violation. A breach of any agreement between Tenant/Sublessee and NuYo® shall also constitute a breach of this Sublease.

16. Attorney's Fees. If either Master Tenant or Tenant/Sublessee brings an action to enforce any term of or declare any rights under this Sublease, the prevailing party in that action shall be entitled to its reasonable attorneys' fees to be paid by the other party as fixed by the court.

17. Entire Agreement. This Sublease is the entire agreement between the parties with regard to the Premises and the Property. The Sublease supersedes all previous representations, arrangements, agreements and understandings, written or oral, express or implied, if any, by and between the parties and their respective representatives with regard to the Premises. This Sublease may not be amended, changed or modified except by a writing duly executed by both of the parties.

18. Governing Law. This Sublease shall be governed by and interpreted according to the laws of the state where the Premises are located. If any provision of this Sublease is held to be unenforceable or invalid, the remaining provisions shall nevertheless be carried into effect.

19. Waivers. All rights of the parties are separate and cumulative, and no one of them, whether exercised or not, shall be deemed to be to the exclusion of any other rights, and shall not limit or

prejudice any other legal or equitable rights or remedies which the parties may have. The parties shall not be deemed to waive any of their rights or remedies under this Sublease unless such waiver is in writing and signed by the party to be bound. No delay or omission on the part of either party in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any right on any future occasion.

20. Paragraph Titles. The paragraph titles of this Sublease are for convenience only and are not a part of this Sublease and do not in any way interpret, limit or amplify the scope, extent or intent of this Sublease.

21. Binding Effect. This Sublease shall be binding on and shall benefit the parties hereto and their respective permitted successors, assigns, and legal and personal representatives.

22. Construction of Agreement. The provisions of this Agreement shall be interpreted according to their fair meanings and not strictly for or against either party.

Executed as of the date and year first above written.

MASTER TENANT:

Signature: ______________________________
Printed Name:
Title:

TENANT/SUBLESSEE:

Signature: ______________________________
Printed Name:
Title:

FRANCHISE DISCLOSURE DOCUMENT

LESSOR'S CONSENT TO SUBLEASE

Pursuant to paragraph ____ of that certain Lease between ______________________, as landlord ("Lessor") and _____________________, ("Tenant"), dated ___________, 20__, Lessor hereby consents to the foregoing Sublease entered into or to be entered into between Master Tenant and Tenant/Sublessee.

Dated as of: _______________

LESSOR: __________________________

FRANCHISE DISCLOSURE DOCUMENT

Exhibit "A"
MASTER LEASE

FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

The following state has franchise laws that require that the Franchise Disclosure Document be registered or filed with the state or be exempt from registration: California.

This document is effective and may be used in the following state, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	March 12, 2024

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.

ITEM 23.
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 NuYo® Frozen Yogurt, Inc., offers you a Franchise, it must provide this Disclosure Document to you at least fourteen (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.

You must also receive a Franchise Agreement containing all material terms at least fourteen (14) calendar days before you sign any license or franchise agreement.

If we do 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 applicable state agency listed in Exhibit E.

The principal business address and telephone number of each franchise seller offering the franchise is **Mr. Mackenzie Harder, c/o NuYo® Frozen Yogurt, Inc., 120 5th Street, Encinitas, CA 92024; (916) 297-1880.**

I have received a Disclosure Document dated August 5, 2022. Included are the following exhibits:

A. Franchise Agreement and its Exhibits;
B. Employee Confidentiality, Nondisclosure and Noncompetition Agreement;
C. Confidential Information Application;
D. Financial Statements for Company fiscal years 2019, 2020 and 2021;
E. List of State Agencies/Agent for Service of Process;
F. Schedule of Franchises/Licenses;
G. Landlord's Consent to Assignment;
H. Table of Contents for Company Operations Manual;
I. Guaranty;
J. Sublease.

__________________ _________________________________
Date Applicant

FRANCHISE DISCLOSURE DOCUMENT

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.

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_________________   ______________________________
Date   Applicant