



## FRANCHISE DISCLOSURE DOCUMENT

BB Franchisor LLC  
A Florida Limited Liability Company  
23480 Hidden Lake Drive  
Bonita Springs, FL 34134  
Phone: 239-405-4537  
[support@bonitabowls.co](mailto:support@bonitabowls.co)  
[www.bonitabowls.co](http://www.bonitabowls.co)

BB Franchisor LLC, a Florida limited liability company, offers you the opportunity to own and operate one Bonita Bowls healthy fast-casual restaurant business, which serves health food to the general public, with a menu featuring smoothie bowls, poke bowls, wraps, salads, smoothies, toast, waffles and related products at the restaurant premises or by delivery service under certain trademarks, trade names, service marks and logos (a “Bonita Bowls Business”).

The total investment necessary to begin operation of a Bonita Bowls Business ranges from \$150,050 to \$378,300, including \$36,100 to \$43,700 that must be paid to us or our affiliates. The total investment necessary to begin operations of a Bonita Bowls conversion franchise is \$87,900 to \$251,800, including \$24,100 to \$19,700 that must be paid to us or our affiliates.

This Franchise Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English (this “Franchise Disclosure Document”). Read this Franchise Disclosure Document and all accompanying agreements carefully. You must receive this Franchise Disclosure Document at least 14 calendar days before you may sign a binding agreement with, or make any payment to, us or our affiliates in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your Franchise Disclosure Document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Kyle Kissane, at 23480 Hidden Lake Drive, Bonita Springs, FL 34134, (239) 405-4537.

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

Buying a franchise is a complex investment. The information in this Franchise 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 Franchise Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

**Issuance Date:** February 20, 2024

## How to Use This Franchise Disclosure Document

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

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

## **What You Need to Know About Franchising *Generally***

**Continued 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.

**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 franchised business.

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

### **Some States Require Registration**

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

### Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Illinois. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may cost more to arbitrate or litigate with the franchisor in Illinois than in your own state.
2. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.
3. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
4. **Short Operating History.** The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise with a longer operating history.
5. **Supplier Control.** You must purchase all or nearly all of the inventory & supplies necessary to operate your business from Franchisor, its affiliates, or from suppliers that Franchisor designates at prices that the Franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.

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

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:**

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Law. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity which in no event need be more than thirty (30) days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) Failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENFORCEMENT BY THE ATTORNEY GENERAL.**

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, franchisee has the right to request an escrow arrangement.

Any questions regarding the notice of this Offering should be directed to:

CONSUMER PROTECTION DIVISION  
ATTN: Franchise  
525 W. Ottawa Street  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
Lansing, Michigan 48913  
(517) 335-7567

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## EXHIBITS

- A. List of State Agencies/Agents for Service of Process
- B. Franchise Agreement
- C. Standard Lease Agreement
- D. Financial Statements
- E. Franchisee Acknowledgement Questionnaire
- F. Table of Contents for Confidential Franchise Operations Manual
- G. List of Franchisees
- H. State Addenda
- I. Confidentiality Agreement
- J. State Effective Dates
- K. Receipt



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

To simplify the language in this Franchise Disclosure Document, “we,” “us,” or “our” means BB Franchisor LLC, a Florida limited liability company, the franchisor. “You” and “your” means the person who buys the franchise from us, the franchisee. You will establish a corporation, partnership, limited liability company or other entity to be the franchisee under the Franchise Agreement. Certain provisions of the Franchise Agreement and related agreements will apply to your owners as well as the franchise entity.

**Franchisor, Predecessors, Parents and Affiliates**

We are a limited liability company organized in Florida on January 1, 2023. Our principal place of business is 23480 Hidden Lake Drive, Bonita Springs, FL 34134. We do business under our entity name and under the name “Bonita Bowls”. We have been offering Bonita Bowls franchises since January 2023. We are the only designated supplier of branded plastics for our franchisees. We reserve the right to, and plan to become the only designated supplier of acai and granola for our franchisees in 2024. We have never offered franchises in any other line of business.

We have no predecessors.

Our parent is BB Holdings LLC.

Other than branded plastics, acai and granola, none of our affiliates sell products or services to our franchisees.

The principal place of business for BB Holdings LLC and Kissane Ventures LLC is 23480 Hidden Lake Drive, Bonita Springs, FL 34134.

Neither our parent company nor any of our affiliates are offering franchises in any line of business.

**Agents for Service of Process**

Our agents for service of process are identified by state in Exhibit A to this Franchise Disclosure Document.

**The Business We Offer**

We and our affiliates have developed certain specified and distinct business formats, methods, and procedures, including distinctive exterior and interior design, décor, color scheme and furnishings, uniform standards, specifications and procedures for operations, quality and uniformity of products and services offered, procedures for management and inventory control, training and assistance, and advertising, marketing and promotional programs which may up the system for operating Bonita Bowls Businesses (“System”). Bonita Bowls Businesses offer a menu featuring smoothie bowls, poke bowls, wraps, salads, smoothies, toast, waffles and related products at the restaurant premises or by delivery service. You will also offer catering services to customers from your Bonita Bowls Business. Bonita Bowls Businesses are identified by the trademark and service mark “Bonita Bowls” and other trademarks, trade names, service marks and logos that our affiliates have developed (the “Marks”).

The Bonita Bowls Business will typically have 800 to 1,400 square feet with space for 10-20 seats, located in an area with ample foot traffic, 1 mile or less to any school, and with an average household income greater than \$100,000.

You must sign our franchise agreement (the “Franchise Agreement”), a copy of which is attached as Exhibit B to this Franchise Disclosure Document. We will grant a franchise to qualified candidates for the operation of a Bonita Bowls Business. We are not presently engaged in business activities other than the development of the System and the offer, sale and support of the franchisees of the System.

### **Market Competition**

The market for the products and services such as those offered by Bonita Bowls Businesses is highly competitive and well-developed. The healthy fast casual restaurant industry is highly competitive and is often affected by current eating habits of the public, by local and national economic conditions affecting spending habits and by population and traffic patterns. Sales are not seasonal, but we do expect a decrease in revenues in winter months in cold climates. You will face competition from independent businesses, other franchise systems and national companies that offer similar products and services as your franchised Bonita Bowls Business, and to a lesser extent grocery stores and other food service businesses offering similar products.

### **Regulations**

In addition to laws and regulations that apply to businesses generally, your Bonita Bowls Business is subject to federal, state and local laws, regulations and guidelines governing the food service industry. You must be knowledgeable on federal, state and local health and consumer protection laws and regulations concerning food preparation, handling and storage, and laws concerning menu item names and menu labeling and nutritional information. In addition, your state or local governments may require licensing or food handling certification. In addition, you must operate in compliance with Payment Card Industry Data Security Standards and applicable data privacy laws. You must investigate all applicable laws and regulations and are solely responsible for complying with all applicable laws and regulations.

### **Prior Business Experience**

We have never operated a business similar to the type of business you will operate. We have been offering Bonita Bowls franchises since January 2023. We have not offered franchises in any other lines of business.

Our affiliate BB Glen Ellyn LLC has owned and operated a business similar to the type of business you will operate since November 2021. It has never offered franchises in any line of business.

Our affiliate SB Elmhurst LLC has owned and operated a business similar to the type of business you will operate since May 2022. From November 2017 to May 2022, SB Elmhurst LLC owned and operated a Sweetberry Bowls business at the same location and was converted to a Bonita Bowls business in May 2022. It have never offered franchises in any line of business.

Our affiliate Kissane Ventures LLC has never operated a business similar to the type of business you will operate. It has never offered franchises in any line of business.

## **ITEM 2** **BUSINESS EXPERIENCE**

### **Kyle Kissane – President and Owner**

Mr. Kissane has been our President and Owner since our inception in January 2023. He has been Owner of our affiliate BB Glen Ellyn LLC in Glen Ellyn, Illinois since April 2021, Owner of our affiliate SB Elmhurst LLC in Elmhurst, Illinois since December 2017, and Owner of our affiliate Kissane Ventures LLC in Bonita

Springs, Florida since October 2017. He has been a Realtor with William Raveis Real Estate in Naples, Florida since January 2020 and for Jameson Sotheby's Release Estate in Chicago, Illinois since January 2021. He has been Owner of Kyle Kissane LLC in Bonita Springs, Florida since January 2022. Between January 2017 and May 2022, he was an Owner/Operator of 3 Sweetberry Bowls businesses (in Elmhurst, Illinois, Naples, Florida, and Ft. Myers, Florida). During this time, he was also in Location Development for the Sweetberry Bowls franchise system, located in West New York, New Jersey. He was a Realtor for Berkshire Hathaway in St. Charles, Illinois from January 2014 to January 2021. He was in Sales, Marketing, Labor and Operations for Junkgenie in St. Charles, Illinois from January 2008 to December 2021.

### **ITEM 3** **LITIGATION**

No litigation is required to be disclosed in this Item.

### **ITEM 4** **BANKRUPTCY**

No bankruptcy action is required to be disclosed in this Item.

### **ITEM 5** **INITIAL FRANCHISE FEE**

#### **Initial Franchise Fee**

The Initial Franchise Fee for a start-up franchise granting the right to open one Bonita Bowls Business is \$35,000. The Initial Franchise Fee for a conversion franchise granting the right to open one Bonita Bowls Business is \$25,000. If you are an employee of us or our affiliates, the Initial Franchise Fee will be \$15,000. The Initial Franchise Fee is due in full upon your execution of the Franchise Agreement.

The Initial Franchise Fee is non-refundable with two exceptions. If you request a termination within 30 days of signing the Franchise Agreement, we will refund you 50% of the Initial Franchise Fee. If we terminate you for failure to successfully complete the initial owner training, we will refund you 10% of the Initial Franchise Fee if you deliver us a termination agreement and general release of claims in a form satisfactory to us.

#### **Branded Plastics, Paper Products, and Fruit**

You must purchase branded plastics, paper products and fruit from us. Currently, we are the only approved supplier of branded plastics, paper products, and fruit. The purchase price for an initial supply of branded plastics from us will range from \$500 to \$1,500 based on the size and location of your Bonita Bowls Business and current market conditions. The purchase price for an initial supply of paper products from us will range from \$250 to \$1,000 based on the size and location of your Bonita Bowls Business and current market conditions. The purchase price for an initial supply of fruit from us will range from \$250 to \$1,000 based on the size and location of your Bonita Bowls Business and current market conditions. The cost of the initial supply of branded plastics, paper products, and fruit is due in cash in full when ordered, and is considered fully earned and nonrefundable upon payment.

#### **Granola**

We reserve the right to require that you purchase granola from us. If we require that you purchase granola from us, the purchase price for an initial supply of granola will range from \$250 to \$1,000 based on the size

and location of your Bonita Bowls Business and current market conditions. The cost of the initial supply of granola is due in cash in full when ordered, and is considered fully earned and nonrefundable upon payment.

### **Real Property Leases**

You may in limited circumstances, enter into a lease for your Approved Location with our affiliate, which will be formed when our officer(s) choose to purchase and lease real property. If our affiliate, in its sole discretion, has available and offers to enter into a lease for your Approved Location, and you choose to enter into such lease, you will owe to us a security deposit and 3 months' rent prior to opening for business. The cost of the security deposit and 3 months' rent will range from \$8,000 to \$16,000. We do not intend to offer real property leases to conversion franchisees, assuming they will already have a leased premises for the Approved Location. The security deposit is due upon signing the lease. The security deposit, less any portion previously applied to defaults, is refundable within 30 days of the termination date of the lease if you have complied with the terms of the lease and vacate and surrender the leased premises in satisfactory condition. Rent is due on the first day of each month, and is considered fully earned and nonrefundable upon payment. A copy of our Standard Lease Agreement is attached at Exhibit C.

*The remainder of this page is left blank intentionally.*

ITEM 6  
OTHER FEES

Franchise Agreement

Type of Fee	Amount	Due Date	Remarks
Royalty	4% of Gross Sales for Months 1 – 12 of operation; 5% of Gross Sales for Months 12 – 24 of operation; 6% of Gross Sales for Months 25+ of operation <sup>(1)</sup>	Payable monthly for Gross Sales during the preceding month.	We will charge this fee via an authorized ACH payment.  Month one (1) shall mean the first calendar month of operation, which will be between one (1) and thirty-one (31) days depending on the opening date of your Bonita Bowls Business.
Marketing Fund contribution	Up to 1.5% of Gross Sales	Payable monthly for Gross Sales during the preceding month.	We will charge this fee via an authorized ACH payment along with royalties. We will give you 60 days' advance notice before any increase or decrease in the required contribution amount.
Cooperative Advertising	As determined by a majority of the members of the cooperative.	As incurred by you.	Payable if a cooperative is established in your area. All Franchised Businesses included in the cooperative will have one vote per Bonita Bowls business.
Transfer Fee	\$8,900; \$2,500 if the transfer is among existing owners and does not change controlling interest.	Upon the transfer of your Franchise to transferee.	In addition, we will charge your buyer the then-current daily rate for any trainers sent to the site of your Franchised Business to provide any necessary on-site training.
Technology Fee	0.5% of Gross Sales	Payable monthly for Gross Sales during the preceding month.	We will charge this fee via an authorized ACH payment along with royalties. We will give you 60 days' advance notice before any increase or decrease in the required contribution amount.
Technology Fund contribution	Up to 0.5% of Gross Revenues; currently none.	Payable monthly for Gross Sales during the preceding month.	We will give you 60 days' notice prior to increasing or otherwise modifying the amount charged.

Type of Fee	Amount	Due Date	Remarks
Renewal Fee	\$10,000	30 days prior to the signing of the renewal franchise agreement	
Late Payment Charge	\$10 per day		If you owe us or our affiliate money that is more than 5 days overdue, we will charge you the late payment charge daily until the amounts are paid in full.
Interest on Late Payments	Highest rate of interest permitted by law not to exceed 15% per month	As incurred	This interest rate applies to any money you owe us or our affiliate that is more than 30 days overdue and will accrue until the amounts are paid in full. Interest is in addition to service and NSF charges.
Service Charges and Non-Sufficient Funds Fee	Currently \$150	Upon demand	Payable if an ACH transaction is not honored.
Customer Satisfaction Reimbursement	Actual costs incurred by us.	As incurred	We may, in our sole discretion, remedy any issues with customers of your Bonita Bowls Business, which may include refunding to the customer any amounts the customer paid to you. You are required to reimburse us for any such refunds we issue.
Initial Training	No charge for the first 2 owners and 1 designated manager.  Additional parties pay our then current tuition fee which is currently \$1,000.	As incurred	The cost of Initial Training (instruction and required materials) is borne by us. All other expenses, including travel, meals and lodging and your employee wages, are your responsibility. Additional owners and managers may attend the initial training program as space in available and for the current tuition fee.

Type of Fee	Amount	Due Date	Remarks
Additional Training Assistance	Then-current training fees for such Additional Training (currently \$200 per day per trainer), plus any travel and living expenses incurred by our representative if travel to your location is necessary.	As incurred	Paid to us if you request additional training above our normal training offerings and we provide such training in our discretion, or if we require additional training in the event your Franchise Business is operating below required standards.
Conference Registration Fee	Not yet determined since we have not held a conference.	As incurred.	If we hold conferences, your owner(s) may be required to attend any conference for which we determine attendance is mandatory. We may charge you a fee to attend the conference. Any costs or expenses associated with your owner(s)'s attendance of such conferences will be borne solely by you.
Quality Assurance Audit Expense	Fees charged by third party service, up to \$450 per audit	Upon demand.	Payable if we retain a third party service to conduct quarterly quality assurance audits at your Franchise Business. We may collect the fee or we may require you to pay the third party service directly.
Indemnification	Actual costs incurred by us.	As incurred	You must pay for us for any losses and expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether the same is reduced to judgment) or any settlement thereof, which arises out of, or is based upon any of the items listed in the section of the Franchise Agreement labeled "Indemnification."
Supplier Approval Charge	Will vary under the circumstances; not to exceed our actual costs of inspection and the actual cost of testing.	30 days after billing	Payable if you request approval of a supplier. To be paid by you or the supplier.

Type of Fee	Amount	Due Date	Remarks
Costs and Attorney's Fees	Actual costs incurred by us.	As incurred	You must pay all costs reasonably incurred in enforcing the Franchise Agreement.
Audit Fee	Sum equal to the highest rate of interest permitted by law or 1.5%, whichever is lesser, of the understated amount. If any understatement of Gross Sales exceeds 2%, then cost of audit.	The Royalty Fee and Marketing Fund Contribution with respect to the amount understated, in addition to the Late Payment Charge is due immediately. Cost of the audit is due immediately upon your receipt of written notice from us if the audit shows an understatement of Gross Sales of 2% or more.	If we conduct an audit of your books and records and determine that Gross Sales has been underreported by you or if the audit was made necessary by your failure to submit required reports or financial statements.
Taxes	Actual costs incurred by us.	Upon demand	If any taxes are assessed against us arising from payments you make to us or otherwise from the operation of your business, you shall reimburse us the actual amount of the taxes upon demand and upon receipt of proof of tax assessment
Insurance Requirements	Cost of insurance plus interest at the maximum rate permitted by law, plus a reasonable administrative fee	Upon written notice	If you fail to comply with any of the insurance requirements contained in Article XII of the Franchise Agreement, upon written notice to you by us, we may, without any obligation to do so, procure such insurance and you must pay us, upon demand, the cost of the insurance plus interest at the maximum rate permitted by law, plus a reasonable administrative fee designated by us.



Type of Fee	Amount	Due Date	Remarks
Right to Operate Upon Default	The then-current published fee for such management service, plus all travel expenses, room and board and other expenses reasonably incurred by our representative so long as it shall be required to enforce compliance with this Agreement. Current management services fee is \$200 per day.	As incurred.	In the event that you have not cured a default under the Franchise Agreement within 14 days after receipt of a written notice of default, our agent or other representative designated by us may take over, control and operate the Franchised Business.
Management assistance upon death or incapacity	The then-current published fee for such management service, plus all travel expenses, room and board and other expenses reasonably incurred by our representative so long as it shall be required to enforce compliance with this Agreement. Current management services fee is \$200 per day.	As incurred.	If we provide management services upon the request of the executor, administrator or personal representative in the event of the death or incapacity of your owner until the franchise can be transferred.
Relocation	Actual costs.	When we grant you the approval to relocate.	Payable if you request and we approve your request to relocate the Franchise Business.
Liquidated Damages	The number of months remaining in the term times the average Gross Sales for the past 36 months (or lesser period if you have not operated for 36 months), times 6%.	Upon demand	We may impose liquidated damages if you terminate the Franchise Agreement, we terminate you for material breach of the Franchise Agreement, you abandon the Franchised Business or you make an unauthorized transfer of interests in Franchisee or the assets of the Franchised Business.

Type of Fee	Amount	Due Date	Remarks
Non-Compliance	Then-current published non-compliance fees, from the first date of the default until default is cured. Current non-compliance fees range from \$100 to \$1,000 depending on the nature of the default.	Upon demand	Payable if you are not in compliance with obligations to submit reports, financial statements or returns; to pay royalties, marketing fund contributions or technology fees; to properly use Trade Secret Products; to comply with mandatory requirements of the Manual; to keep Franchised Business open during the required hours; to provide information or refuse entry for an audit or inspection; or for unauthorized use of the Marks.
National Account Services Fee	Actual costs incurred by us.	Upon demand.	Payable if we provide administrative, billing and/or collection services for any National Account, if we establish a National Accounts program.
Additional Email Addresses Fee	The then-current published fee for additional email addresses (currently \$5 per month).	As incurred.	We provide you with 2 email addresses as part of the Technology Fee. If you choose to have more than 2 email addresses, you must pay us the Additional Email Addresses Fee.

Notes:

All fees described in this Item that are paid to us or our affiliates are not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. Unless otherwise designated by us, we currently require you to pay fees and other amounts due to us or our affiliates through electronic funds transfer via Automated Clearing House (“ACH”) or similar means. You are required to complete the ACH authorization (in the form attached to the Franchise Agreement). We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement.

1. Gross Sales. “Gross Sales” means all sales, revenues and receipts generated by the Franchised Business, including fees for any and all services Franchisee performs, whether for cash or credit (regardless of collectability) and revenues of every kind related to the Franchised Business, including but not limited to revenues from the sale of food, beverages, merchandise, proprietary products or clothing, delivery and catering not included in the price of menu items, and other services made and rendered in, on, or from the premises of the Franchised Business, or through any other means, including sales outside of the premises, that are in any way related to the Franchised Business, whether for cash, exchange or credit (and regardless of collection in the case of credit), and proceeds of business interruption insurance policies, except that Gross Sales will not include (i) sales use or services taxes collected from customers and actually paid to the appropriate taxing authority or (ii) bona fide refunds given for customer satisfaction purposes.

We may at times waive fees due to a franchisee’s particular circumstance. Otherwise, all fees are imposed uniformly for both start-up and conversion franchises.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**  
**Start-Up Franchise**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Paid
Initial Franchise Fee <sup>(1)</sup>	\$35,000	Lump Sum	Upon signing of the Franchise Agreement	Us
Initial Inventory and Supplies	\$5,000 to \$10,800	As incurred	Prior to opening	Us or Approved Suppliers
Utility Deposits	\$150 to \$1,500	As incurred	Prior to opening	Third Parties
Security Deposit and Rent (1 <sup>st</sup> 3 months) <sup>(2)</sup>	\$8,000 to \$16,000	As incurred	As incurred	Landlord, Our Affiliate
Leasehold Improvements	\$50,000 to \$200,000	As incurred	As Incurred	Third Parties
Grand Opening Advertising and Marketing <sup>(3)</sup>	\$2,000 to \$5,000	As incurred	30 days prior to opening and first 14 days of operation	Approved Suppliers
Insurance <sup>(4)</sup>	\$1,500 to \$5,000	Lump Sum or Payment Schedule	Prior to opening	Third Parties
POS, Office Computer Systems and Technology <sup>(5)</sup>	\$1,500 to \$3,000	As incurred	Prior to opening and as incurred	Approved Suppliers
Furniture, Fixtures and Equipment <sup>(6)</sup>	\$20,000 to \$40,000	Lump Sum	Prior to opening	Contractors or Approved Suppliers
Signage <sup>(7)</sup>	\$1,500 to \$10,000	As incurred	Prior to opening	Approved Suppliers
Travel and Living Costs While Training <sup>(8)</sup>	\$1,500 to \$3,000	As incurred	Before and during Initial Training	Airlines, hotels, restaurants
Travel and Living Costs for Franchisor Representative for On-Site Training <sup>(9)</sup>	\$500 to \$3,000	As incurred	Prior to opening	Airlines, hotels, restaurants

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Paid
Pre-Opening Expenses <sup>(10)</sup>	\$500 to \$2,000	As incurred	As incurred	Third Parties
Office Equipment and Supplies	\$500 to \$1,500	As incurred	As incurred	Suppliers
Licenses, Permits, Registrations and Entity Formation	\$150 to \$2,500	As incurred	As incurred	Governmental agencies
Professional Fees <sup>(11)</sup>	\$2,000 to \$4,000	As incurred	As incurred	Third Parties
Bookkeeping Services – 3 months <sup>(12)</sup>	\$250 to \$500	As incurred	As incurred	Designated Supplier
Additional Funds – 3 Months <sup>(13)</sup>	\$20,000 to \$40,000	As incurred	As incurred	Third Parties
Estimated Total <sup>(14) (15)</sup>	<b>\$150,050 to \$378,300</b>			

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## YOUR ESTIMATED INITIAL INVESTMENT

### Conversion Franchise

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Paid
Initial Franchise Fee <sup>(1)</sup>	\$25,000	Lump Sum	Upon signing of the Franchise Agreement	Us
Initial Inventory and Supplies	\$ 5,000 to \$ 10,800	As incurred	Prior to opening	Us or Approved Suppliers
Utility Deposits	\$150-1,500	As incurred	Prior to opening	Third Parties
Rent (1 <sup>st</sup> 3 months) <sup>(2)</sup>	\$2000 to \$5000	As incurred	As incurred	Landlord
Leasehold Improvements	\$25,000 to \$100,000	As incurred	As Incurred	Third Parties
Grand Opening Advertising and Marketing <sup>(3)</sup>	\$2,000 to \$2,500	As incurred	30 days prior to opening and first 14 days of operation	Approved Suppliers
Insurance <sup>(4)</sup>	\$1,500 to \$5,000	Lump Sum or Payment Schedule	Prior to opening	Third Parties
POS, Office Computer Systems and Technology <sup>(5)</sup>	\$1,000 to \$1,500	As incurred	Prior to opening and as incurred	Approved Suppliers
Furniture, Fixtures and Equipment <sup>(6)</sup>	\$20,000 to \$40,000	Lump Sum	Prior to opening	Contractors or Approved Suppliers
Signage <sup>(7)</sup>	\$1,500 to \$10,000	As incurred	Prior to opening	Approved Suppliers
Travel and Living Costs While Training <sup>(8)</sup>	\$500 to \$3,000	As incurred	Before and during Initial Training	Airlines, hotels, restaurants
Travel and Living Costs for Franchisor Representative for On-Site Training <sup>(9)</sup>	\$500 to \$3,000	As incurred	Prior to opening	Airlines, hotels, restaurants
Pre-Opening Expenses <sup>(10)</sup>	\$500 to \$2,000	As incurred	As incurred	Third Parties
Office Equipment and Supplies	\$500 to \$1,500	As incurred	As incurred	Suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Paid
Licenses, Permits, Registrations and Entity Formation	\$500 to \$2,000	As incurred	As incurred	Governmental agencies
Professional Fees <sup>(11)</sup>	\$2,000 to \$4,000	As incurred	As incurred	Third Parties
Bookkeeping Services – 3 months <sup>(12)</sup>	\$250 to \$500	As incurred	As incurred	Designated Supplier
Additional Funds – 3 Months <sup>(13)</sup>	\$20,000 to \$40,000	As incurred	As incurred	Third Parties
Estimated Total <sup>(14) (15)</sup>	<b>\$107,900 to \$251,800</b>			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Bonita Bowls Business. We do not offer direct or indirect financing for these items. None of the fees payable to us are refundable except as described below. Fees paid to vendors or other suppliers may or may not be refundable depending on their policies or your arrangements with them.

1. Your Initial Franchise Fee for a start-up franchise is \$35,000 and for a conversion franchise is \$25,000 and is payable in full when you sign the Franchise Agreement. The Initial Franchise Fee is non-refundable with two exceptions. If you request a termination within 30 days of signing the Franchise Agreement, we will refund you 50% of the Initial Franchise Fee. If we terminate you for failure to successfully complete the initial owner training, we will refund you 10% of the Initial Franchise Fee if you deliver us a termination agreement and general release of claims in a form satisfactory to us.
2. These figures presume that you will be leasing your premises. Generally, you will need to lease a site of approximately 800 to 1,200 square feet. We may allow or require variations to this size under certain circumstances. Your landlord will typically require a security deposit equal to one or two months’ rent and may, in addition, require payment in advance of the first and/or last (or more) month’s rent. These figures provide the estimated amount of the security deposit for a location meeting our typical size requirements. The expense of leasing will vary depending upon the size of the premises, its location (for example, downtown, mall, suburban or rural), landlord contributions and the requirements of individual landlords. The lease rental payments shown in the charts above includes 3 months’ rent for your initial period of operation. We have not included estimates for purchasing the site for the Bonita Bowls Business as we recommend that you lease your premises.
3. You must conduct an advertising and marketing campaign to promote the grand opening of your Bonita Bowls Business and spend a minimum of \$2,000. We may recommend you spend more if you will be the first Bonita Bowls Business in the market. These amounts must be spent starting 30 days prior to opening and within the first 14 days after opening.

4. The insurance you must maintain is described in Item 8. Our estimate does not include other insurance policies you may have to maintain under the terms of your lease or as may be required by other third parties. The unearned portions of the insurance premiums are generally refundable depending on your carrier.
5. You must purchase the computer equipment, hardware and software necessary for opening your Bonita Bowls Business. We currently require you to purchase and use: Toast for POS; Gusto for payroll; Indeed for hiring; Choco for supplier ordering, Sortly for inventory; Tap Mango for customer loyalty; Dave for Sales Tax; Ovation for Customer Satisfaction; Home Base for scheduling.
6. You must purchase and/or lease and install furniture, fixtures and equipment and décor necessary to operate your Bonita Bowls Business from an approved supplier. The cost of the furniture, fixtures and equipment will vary according to local market conditions, the size of the facility, suppliers and other related factors. We reserve the right to require that you purchase your furniture, fixtures and equipment from us or our affiliate.
7. This range includes the cost of all signage used in your Bonita Bowls Business. The signage requirements and costs will vary based upon the size and location of the Approved Location, local zoning requirements, Landlord requirements, and local wage rates for installation.
8. We cover the cost of the initial training program, but you will be responsible for the travel, lodging, meals and other living expenses of your owner(s) and manager while attending the initial training program. At the present time, we provide initial training of approximately 7 to 10 days for up to 2 owners and 1 designated manager. We provide training at our flagship Bonita Bowls Business located in Glen Ellyn, Illinois, or such other location we may select from time to time. These amounts do not include any fees or expenses for training any other personnel. There is no charge for the first 3 attendees; however, there is a \$1,000 per-attendee initial training charge for each additional attendee.
9. We cover the cost of pre-opening on-site training, but you will be responsible for the travel, lodging, meals and other living expenses of our representative providing pre-opening on-site training.
10. This estimate include expenses related to pre-opening payroll, cleaning and preparation, telephone and other communication expenses, and electricity.
11. This estimate includes legal fees and accounting services.
12. We require you to use our designated supplier for bookkeeping services. The monthly cost will vary depending on the range of services you choose.
13. This is an estimate of your working capital requirements for the first 3 months of operations, based on our experience of opening and operating Bonita Bowls Businesses. New businesses often generate a negative cash flow. The estimated range for necessary working capital for the first 3 months is as shown in the charts above, and includes general operating expenses, such as supplies, food and beverage products, packaging, payroll, payroll expenses, royalties, advertising, utilities, insurance, pest control, security, repairs, maintenance and complimentary sales and other costs. Your actual cost will depend on factors including without limitation your management skill, experience and business acumen, local economic conditions, the local market for your Bonita Bowls Business, wage and labor rates, competition in the marketplace, the local market for your

products and the sales level reached during the start-up phase. These amounts do not include any estimates for debt service.

14. We relied on our experience and our owner's 5 years of experience in the healthy fast-casual restaurant business to compile these estimates. Except as otherwise noted, none of these payments are refundable. You should review these figures carefully with a business advisor, accountant or attorney before making any decision to purchase a Franchise. We do not offer any financing for your initial investment. The availability and terms of financing with third-party lenders will depend on factors such as the availability of financing generally, your credit-worthiness and policies of lending institutions concerning the type of business to be operated.
15. Based on availability, you may lease your approved location from our affiliate. See Item 10 for financing terms if a location is available to lease and you choose to enter into a lease with our affiliate.

## **ITEM 8**

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

#### **Required Purchases and Designated and Approved Suppliers**

You must purchase all fruit and other ingredients and food products, beverages, branded plastics, paper products, equipment, signage, fixtures, point-of-sale system and online/gift card/loyalty program services, software, printing services, contractor services, bookkeeping services, and other materials and supplies required in the operation of the Franchised Business that are or incorporate our trade secrets or confidential information from either suppliers designated by us for some items or from suppliers approved by us, which suppliers may include us or our affiliates.

You must purchase other inventory, materials, supplies, furniture, fixtures, equipment and services required for the operation of the Franchised Business solely from suppliers who demonstrate the ability to meet our standards and specifications for such item, who possess adequate quality controls and capacity to supply the needs of our franchisees promptly and reliably and who have been approved by us in writing and such approval has not thereafter been revoked, or following our standards and specifications for such items. We will communicate a list of designated and approved suppliers as well as other purchasing standards and specifications via email.

We are currently the only designated supplier for branded plastics and plan on becoming the only designated supplier for acai and granola in 2024. Future affiliates of ours may be a supplier of real property leases for your approved location in limited circumstances. However, we do not require that you use an approved supplier for real property leases.

You must purchase, install, maintain in sufficient supply, and use, only fixtures, furnishings, other equipment, computer hardware and software, insurance and other products and services that conform to the standards and specifications described in the Manual or otherwise in writing. Other than the requirements above and as more specifically set forth in the Manual, you are not obligated to purchase or lease any goods, services, supplies, fixtures, equipment, inventory or real estate from us or any other specifically designated source.

#### **Approval of alternative suppliers**

If you desire to purchase any such items from an unapproved supplier, you or the supplier must submit to us a written request for approval. We may require, as a condition of approval, that our representatives



be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered either to us or an independent laboratory we designate for testing prior to granting approval. Either you or the supplier must pay a charge not to exceed our actual costs of inspection and the actual cost of testing. We will notify you of approval or disapproval of a supplier within 60 days (subject to the timely cooperation of the proposed supplier). We do not provide our criteria for approving suppliers to our franchisees. We may re-inspect the facilities and products of any approved supplier at any time and revoke our prior approval upon failure of such supplier to continue to meet our criteria for supplier approval.

Other than direct and indirect interest in us and our affiliates, none of our officers owns an interest in any of the designated or approved suppliers.

### **Insurance Requirements**

You must, at all times during the term of the Franchise Agreement, maintain in force, at your sole expense, insurance coverage as we may, in our sole discretion, prescribe periodically. Currently, we require the following insurance cover and limits:

**General Liability Insurance**, in the amount of \$1,000,000 per occurrence/\$2,000,000 in the aggregate

**Property Insurance**, in the amount of \$200,000. Such Property Insurance shall cover the Approved Location prior to and after the opening of the Franchised Business

**Business Interruption Insurance**, in an amount not less than the actual loss resulting from an interruption of business for a minimum of twelve (12) months

**Theft Insurance**, for the full amount of contents of the Approved Location, and theft must be included as a covered peril

**Products Aggregate Limit**, in the amount of \$2,000,000

**Advertising Injury Limit**, in the amount of \$1,000,000

**Medical Expense Limit** (any one person), in the amount of \$5,000

**Damage to Premises Rented to You Limit** (any one premises), in the amount of \$1,000,000

All insurance policies must be issued by carriers we have approved and who are authorized to do business in the state where your Bonita Bowls Business is located, must contain the types and minimum amounts of coverage, exclusions and maximum deductibles as we prescribe from time to time in the Franchise Agreement or in the Manual, must name us as additional insured, must provide for 30 days' prior written notice to us of any material modification, cancellation or expiration of such policy and must include all other provisions we may require from time to time.

### **Revenue from franchisee purchases**

In our fiscal year ended December 31, 2023, neither we nor our affiliate derived revenue from the purchase of goods and services by our Franchisees.

As of the issuance date of this disclosure document we did not derive any revenue or other material consideration from purchases or leases by franchisees, but we reserve the right to do so.

We do not currently receive payments from designated or approved suppliers with respect to your purchases, but we and/or our affiliates reserve the right to do so.

We estimate that the purchase of supplies, equipment, inventory, fixtures, goods, services and products from us or our designated or Approved Suppliers, or those meeting our standards and specifications, will be between 80% to 90% of your total initial cost and between 80% to 90% of the total ongoing costs to operate your Bonita Bowls Business.

### **Cooperatives**

We do not have any purchasing or distribution cooperatives as of the date of this Franchise Disclosure Document.

### **Negotiated Prices**

We will negotiate purchase arrangements with other suppliers and distributors for the benefit of our franchisees.

### **Material Benefits**

We do not provide material benefits, such as renewing or granting additional franchises, to franchisees based on their use of designated or Approved Supplier's products or services. However, you must comply with the requirements to purchase from designated or approved suppliers to be in compliance with your Franchise Agreement.

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**ITEM 9**  
**FRANCHISEE'S OBLIGATIONS**

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

Obligation		Section in Franchise Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Sections 1.1, 6.2, 6.3 9.2(b), and 16.2(a) Exhibit A	Item 11
b.	Pre-opening purchases/leases	Sections 6.3 and 10.3	Items 5 and 7
c.	Site development and other pre-opening requirements	Sections 1.1, 5.5, 6.1 – 6.4, 8.2, and 8.3	Items 5, 6, 7, 8 and 11

Obligation		Section in Franchise Agreement	Disclosure Document Item
d.	Initial and ongoing training	Article VIII	Item 11
e.	Opening	Section 6.5 and 16.2(a)	Items 8 and 11
f.	Fees	Sections 2.2, Article III, 4.7, 6.6, 8.2, 8.3, 8.4, 8.5, 8.6, 9.7, 10.3, 10.4, 12.3, 15.3, 15.4, 16.6, 16.7, 16.8, 24.9 and 24.10	Items 5 and 6
g.	Compliance with standards and policies/Operating Manual	Article VII and Section 10.2	Items 8 and 11
h.	Trademarks and proprietary information	Article V	Items 13 and 14
i.	Restrictions on products/services offered	Section 7.1 and Article X	Item 16
j.	Warranty and customer service requirements	Sections 10.11 and 10.12	Item 11
k.	Territorial development and sales quotas	Section 14.1	Item 12
l.	Ongoing product/service purchases	Sections 10.3, 10.4	Item 8
m.	Maintenance, appearance and remodeling requirements	Sections 2.2(g), 6.4, 10.1 and 10.8	Item 11
n.	Insurance	Article XII	Item 8

Obligation		Section in Franchise Agreement	Disclosure Document Item
o.	Advertising	Section 1.6, 10.5 and Article XI	Item 11
p.	Indemnification	Sections 10.1, 10.9(e) 12.4, 15.6, 16.8 and 19.3	Item 6
q.	Owner's participation/management/staffing	Sections 6.1, 10.6, 10.7, 10.12 and 14.1	Item 15
r.	Records/reports	Article IV	Item 11
s.	Inspections/audits	Sections 4.6, 9.4, 10.2(h), 10.12(a) and 10.14	Item 8
t.	Transfer	Article XV	Item 17
u.	Renewal	Sections 2.2 and 2.3	Items 6 and 17
v.	Post-termination obligations	Section 17.1	Item 17
w.	Non-competition covenants	Article XIV	Items 14, 15 and 17
x.	Dispute resolution	Article XXIV	Item 17
y.	Other: Guaranty	Section 6.1(a) and Exhibit E	

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**ITEM 10**  
**FINANCING**

We may offer the following financing directly through our affiliate.

Item Financed	Source of Financing	Down Payment	Amount Financed	Term (Years)	Interest Rate	Monthly Payment	Prepay Penalty	Security Required	Liability upon default	Loss of legal right upon default
Leased Space <sup>(1)</sup>	Affiliate	\$4,000 to \$8,000 (security deposit)		5 (Plus 5 Year Renewal Option)	N/A	\$2,000 to \$4,000	None	Personal Guarantee	Loss of franchise; back rent plus 5% at an interest rate of 12% per annum; franchise rights, collection costs incl. attorney's fees	None

Notes:

(1) In some cases, depending on availability and if you have acceptable credit, our affiliate will lease the franchised premises to you. The precise terms of our affiliate's Standard Lease Agreement in Exhibit C will vary depending on the size and location of the premises, but the chart reflects a typical range of payments for our standard Bonita Bowls franchised business, including payment of two month's rent as a security deposit (Standard Lease Agreement Section 3.4). The only other security require is a personal guarantee of the lease by all the shareholders or members of your entity (Standard Lease Agreement Exhibit A). If you do not make a rent payment on time, our affiliate will have the right to collect 105% of the unpaid rent at an interest rate of 12% per annum (Standard Lease Agreement Section 3.1). Our affiliate can also obtain court costs and attorney's fees if a collection agency is necessary (Standard Lease Agreement Section 11.5). If you default on the lease, we have the right to terminate the lease, take over the premises, and terminate your franchise.

We do not intend to sell, assign or discount to a third party all or part of the Lease.

We do not arrange for financing with any other sources. We do not receive any direct or indirect payments for placing financing with any lender.

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**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 Assistance**

**Franchise Agreement**

After the Franchise Agreement is signed and before you open your Bonita Bowls Business, we or our designees will:

1. Grant you the right to use the Marks in connection with your Bonita Bowls Business (Franchise Agreement, Section 5.1).
2. Provide you with lists of designated and approved suppliers and other purchasing standards and specifications and guidance on ordering (Franchise Agreement, Section 9.2(a) and Section 10.3)
3. Provide you location research and assistance and guidance in selecting your site as we deem advisable, including real estate and demographic analysis, subject to the availability of our personnel (Franchise Agreement, Section 9.2(b)) and approve your proposed location for the Bonita Bowls Business (Franchise Agreement, Section 1.1 and Exhibit A).
4. Designate a Protected Area for your Bonita Bowls Business (Franchise Agreement, Section 1.3 and Exhibit A).
5. Provide typical floor plans and site build-out specifications for the construction of your Bonita Bowls Business and further assist you with the design and layout of your Bonita Bowls Business (Franchise Agreement, Section 9.2(c)).
6. Provide up to 2 of your owners (including the Managing Owner) and 1 designated manager with initial training. (Franchise Agreement, Section 8.2).
7. Provide on-site training at your Bonita Bowls Business with one or more of our representatives around the time of the opening of your Bonita Bowls Business for up to 4 days. If we require or you request additional on-site start-up assistance, we will provide the additional assistance at your expense. (Franchise Agreement, Section 8.3).
8. Give you access to the Manual in printed or electronic form. (Franchise Agreement, Section 7.1). The Table of Contents for the Manual is attached Exhibit F to this Franchise Disclosure Document. As of the date of this Disclosure Document, the Manual had a total of 180 pages. However, the Manual is subject to revision.
9. Provide you with written consent to open the Bonita Bowls Business (Franchise Agreement, Section 6.5)

**Continuing Assistance**

During your operation of your Bonita Bowls Business, we or our designees:

1. Will provide you periodic advisory assistance with respect to the operation of the Bonita Bowls Business. (Franchise Agreement, Section 9.1).
2. Will notify you about changes, additions, deletions and supplements to the Manual, all of which are incorporated into and become a part of the Manual, either in writing or by posting on our intranet or website (Franchise Agreement, Section VII). You are required to follow the Manual in the operation of the Bonita Bowls Business and implement any changes of which we notify you.
3. May provide additional training, seminars, meeting or webinars for franchisees and managers, and may hold national, regional and local conferences for franchisees to discuss updates to products, services, methods, operational standard, policies and procedures, and marketing and advertising (Franchise Agreement, Sections 8.4, 8.5 and 8.6).
4. May periodically as we deem advisable, conduct directly or through third parties, inspections of your Bonita Bowls Business and evaluate its operations (Franchise Agreement, Sections 5.11 and 10.14).
5. May provide you a page on or link to our Bonita Bowls website for promotion of the Bonita Bowls Business (Franchise Agreement, Section 9.6).

### **Site Selection**

You are responsible for locating a site for your Bonita Bowls Business, subject to our site approval process. Before leasing or purchasing the site for your Bonita Bowls Business, you must submit to us, in the form we specify, a description of the site, with other information and materials we may reasonably require. You must submit a proposed site that is acceptable to us within 120 days of signing the franchise agreement. If we disapprove of a proposed site, you must select and submit another site, subject to our consent.

The factors we consider in approving sites include but are not limited to location (including proximity to schools), size, suitability, layout, access and visibility of the proposed location, proximity to other businesses, location and nature of any competitors, population density and demographics, household income, vehicle traffic, pedestrian traffic, existing tenant mix, parking convenience and any other factors that may be relevant to your market. We will endeavor to approve or disapprove the site within 30 days after we receive the information and materials to evaluate the proposed site. Once we have approved your location, we will amend your Franchise Agreement to show the specific location as the only location where you are authorized to operate your Bonita Bowls Business.

We must approve the lease for your approved site before you execute it. A condition of approval of the lease will be the agreement of the landlord to execute our form of Addendum to Lease and Collateral Assignment of Lease that is attached to the Franchise Agreement as Exhibit B, or alternatively providing similar language in the executed lease in a form approved by us. You must sign a lease for the location within 60 days of obtaining our approval of the location.

You will provide a copy of the executed lease to us. You will provide to us the names and contact information for your landlord and/or management companies of the approved site of your Bonita Bowls Business. We reserve the right to contact your landlord and/or management company for the purposes of assessing your performance and customer satisfaction.



You have the ultimate responsibility in choosing and obtaining the site for your Bonita Bowls Business. Our acceptance of the proposed site merely signifies that we are willing to grant a franchise at the site. You may not relocate your Bonita Bowls Business without first obtaining our prior written consent.

### **Time to Open**

It is estimated that the length of time between your signing the Franchise Agreement and the opening of the Bonita Bowls Business will be approximately 8 to 12 months. Factors affecting this length of time include the time it takes to obtain financing, locate and obtain approval of the leased premises, build-out and equip the leased premises, hire a designated manager, and for you and your designated manager to successfully complete the initial training program. The Managing Owner may also be the designated manager providing the direct on-site supervision of the operation of the Bonita Bowls Business. You must open your Bonita Bowls Business within 120 days after obtaining our approval of your site. If you are signing the Conversion Addendum, you must open your Bonita Bowls Business within 90 days after signing the Franchise Agreement. If extenuating circumstances beyond your control exist, we may (in our sole discretion) agree to extend that time period for an additional reasonable amount of time. Otherwise, we may terminate your Franchise Agreement for your failure to open your Bonita Bowls Business within the required time period.

### **Marketing Fund**

We will establish and administer a system-wide brand marketing fund (“Marketing Fund”) upon selling our first franchise. You will contribute to the Marketing Fund as described in Item 6. The amount franchisees contribute is uniform. Bonita Bowls Businesses owned by our affiliates contribute to the Marketing Fund on the same basis as franchised businesses.

We will be entitled to direct all advertising, marketing and promotional programs financed by the Marketing Fund, with sole discretion over the creative concepts, materials, and endorsements used in them, and the geographic, market, and media placement and allocation of the programs. You agree that the Marketing Fund may be used to pay the costs of preparing and producing video, audio and written advertising materials; administering national, regional or local advertising programs including, without limitation, direct mail and other media advertising, and employing advertising agencies to assist in those activities; establishing and maintaining the Bonita Bowls Website; internet-based advertising and marketing programs, developing and maintaining other presence on the Internet, including reputation management and system-wide online programs for customer ordering and loyalty rewards program; intranet development supporting public relations; market research and marketing activities; providing advertising, marketing and promotional materials to Bonita Bowls Businesses; and any and all other activities for the purpose of promoting the Marks and Bonita Bowls Businesses. The Marketing Fund will furnish you with approved advertising, marketing and promotional materials at its direct cost of producing those materials. We will not use the Marketing Fund to solicit new franchise sales.

The Marketing Fund will be a separate and distinct account and will be accounted for separately from the our other funds and will not be used to defray any of our general operating expenses, except for any reasonable salaries, administrative costs and overhead we may incur in activities reasonably related to the administration of the Marketing Fund and its advertising, marketing and promotional programs (including, without limitation, conducting market research, preparing advertising, marketing and promotional materials, and collecting and accounting for contributions to the Marketing Fund). We may spend in any fiscal year an amount greater or less than the total contribution of Bonita Bowls Businesses to the Marketing Fund in that year. We may cause the Marketing Fund to borrow from us or other lenders to cover deficits of the Marketing Fund or cause the Marketing Fund to invest any surplus for future use by the Marketing Fund. All interest earned on monies contributed to the Marketing Fund will be used to pay advertising, marketing and promotional costs of the Marketing Fund before other assets of the Marketing Fund are

expended. We will prepare an annual statement of monies collected and costs incurred by the Marketing Fund and will furnish it to you on written request.

You understand and acknowledge that the Marketing Fund is intended to maximize recognition of the Marks and patronage of Bonita Bowls Businesses. Although we will endeavor to use the Marketing Fund to develop advertising, marketing and promotional materials, and to place advertising in a manner that will benefit all Bonita Bowls Businesses, we have no obligation to ensure that expenditures by the Marketing Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Marketing Fund by Bonita Bowls Businesses operating in that geographic area or that any Bonita Bowls Business will benefit directly or in proportion to its contribution to the Marketing Fund from the development of advertising, marketing and promotional materials or the placement of advertising. We assume no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction, or administration of the Marketing Fund. We may terminate or discontinue the Marketing Fund upon 60 days' notice to our franchisees. In that event, we will distribute all unspent monies to our franchisees in proportion to their respective contributions made in the previous 6 months. We have the right thereafter to reinstate the Marketing Fund upon 60 days' notice to our franchisees.

We currently do not have an advertising council composed of franchisees.

If a local advertising co-operative exists or is formed in your area or region consisting of Bonita Bowls franchisee and/or affiliate-owned businesses, you agreed to join and participate in the co-operative. The members of the cooperative are responsible for the maintenance, direction and administration of the co-operative. We assume no responsibility for the maintenance, direction or administration of the co-operative, including any failure of franchisees to make contributions to the co-operative. There are no franchisee advertising cooperatives currently in existence.

In addition to your contribution to the Marketing Fund, beginning on the date of opening of the Bonita Bowls Business, you must spend a minimum of \$1,500 per month on local advertising, marketing and promotion. You will make these expenditures directly, subject to our approval and direction. At our request, you must furnish to Franchisor in a manner approved by Franchisor an accurate accounting of Franchisee's local advertising and marketing expenditures for each month.

Starting 30 days prior to the opening of the Bonita Bowls Business and continuing through the first 14 days of operation, you must conduct an advertising campaign announcing the grand opening of your Bonita Bowls Business. You must spend a minimum of \$2,000 on grand opening advertising and marketing. Grand opening monies will be spent on social media, print, radio, digital advertising and/or other advertising or promotions that you and we agree is best suited for your grand opening campaign.

You must obtain our prior written approval of any marketing materials you use. If you desire to use your own advertising materials, you must obtain our prior approval, which may be withheld in our sole discretion. We will review your request and we will endeavor to respond in writing within 15 days from the date we receive all requested information. Our failure to notify you will be deemed the approval of your request. Your use of the Marks and other name identification materials must follow our approved standards. You may not use the Marks or other name identification materials on items to be sold or services to be provided without our prior written approval, which may be withheld in our sole discretion.

You are not required to participate in any local or regional advertising cooperative.

### **Technology Fund**

We reserve the right to establish and administer a system-wide technology fund (“Technology Fund”). If established, you will contribute to the Technology Fund as described in Item 6. The amount franchisees contribute is uniform. If established, Bonita Bowls Businesses owned by our affiliates will contribute to the Technology Fund on the same basis as franchised businesses.

We will be entitled to direct all technology research and development programs financed by the Technology Fund, with sole discretion over the creative concepts, materials, and endorsements used in them, and the allocation of the programs. You agree that the Technology Fund may be used to pay the costs of research, development, implementation, and support of new technology, as well as the modifications and updates of existing technology, including, but not limited to, platforms such as hosting, integration development, server infrastructure, application, and software development and support. The Technology Fund will furnish you with approved technology and support on the same terms and conditions as such technology and support are furnished to other Bonita Bowls franchisees.

The Technology Fund will be a separate and distinct account, and will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for any reasonable salaries, administrative costs and overhead we may incur in activities reasonably related to the administration of the Technology Fund and its technology research and development programs (including, without limitation, conducting research, integrating and supporting new technologies, and collecting and accounting for contributions to the Technology Fund). We may spend in any fiscal year an amount greater or less than the total contribution of franchisees to the Technology Fund in that year. We may cause the Technology Fund to borrow from us or other lenders to cover deficits of the Technology Fund or cause the Technology Fund to invest any surplus for future use by the Technology Fund. All interest earned on monies contributed to the Technology Fund will be used to pay the costs of research, development, implementation and support of new technology of the Technology Fund before other assets of the Technology Fund are expended. We will prepare an annual statement of monies collected and costs incurred by the Technology Fund and will furnish it to you on written request.

You understand and acknowledge that the Technology Fund is intended to maximize technological innovations within the Bonita Bowls System. Although we will endeavor to use the Technology Fund to develop and implement technologies in a manner that will benefit all franchisees, we undertake no obligation to ensure that any franchisees will benefit directly or in proportion to their contribution to the Technology Fund from the development of new technologies. We assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the Technology Fund. We may establish, terminate, discontinue or reestablish the Technology Fund upon 60 days’ notice to our franchisees. In the event we terminate or discontinue the Technology Fund, we will distribute all unspent monies to our franchisees in proportion to their respective contributions made in the previous 6 months.

### **Computer Systems**

You must purchase and use a computer for use in your business operations and point-of-sale (POS) system and applications for the operation and marketing of the Bonita Bowls Business.

We require you to purchase a POS system that we designate along with various web-based platforms, software and/or applications. We currently require you to purchase and use the Toast POS system along with software and applications for payroll, supplier ordering, inventory, gift cards, customer loyalty, customer satisfaction, sales tax, scheduling and time management.

For any other software and applications you are required to use, you will pay the providers directly. The estimated monthly cost for required software and applications is \$350 to \$1,000.

We estimate the initial cost of purchasing the POS system and related software and application, including installation, and the office computer system to be between \$1,500 and \$3,000.

You must install and maintain equipment and a high-speed internet connection to permit your POS to link to the cloud. We have the right to independently access your electronic information through the cloud and to retrieve and use your electronic information and data in any manner we deem necessary or desirable to promote or develop the System and the sale of franchises. There is no contractual limitation on our right to receive or use information we obtain from your Bonita Bowls Business. (Franchise Agreement, Section 10.9)

To ensure full operational efficiency and optimum communication capability, you must, at your expense, keep your POS and computer systems in good condition, and promptly install all additions, changes, modifications, substitutions or replacements to hardware, software, and other computer-related facilities, as we may direct from time to time. There is no limitation on the frequency or cost of your obligation to upgrade or replace your POS and computer systems. Neither we nor any affiliate have any ongoing obligation to provide ongoing maintenance, upgrades or updates to your computer system. You must obtain and pay for your own technical support for the computer system. The estimated annual cost to maintain the POS and computer systems is \$500 to \$1,500. You are also responsible for protection your POS and computer systems from virus, computer hackers and other computer-related and technology-related problems.

You must comply with all laws related to the operation of your Bonita Bowls Business, including those related to data security and privacy and you must comply with all payment card industry (PCI) data security standards. Your estimated cost for this compliance is \$100 per month.

### **Training**

Prior to opening the Bonita Bowls Business, up to 2 but at least 1 Managing Owner, who will devote full-time and best efforts to the management of the Bonita Bowls Business, must attend and complete, to our satisfaction, our initial training program. 1 Designated Manager, who will provide the direct on-site supervision of the operation of the Bonita Bowls Business, must attend and complete, to our satisfaction, our initial training program. The Managing Owner may also be the Designated Manager. All personal expenses, including without limitation travel, food and lodging costs, incurred by your owners and managers will be paid by you. Neither your owners nor your employees will receive any compensation from us for services performed during training.

We provide our initial training program to you to protect the System, the Marks and our goodwill, not to control the day-to-day operations of your Bonita Bowls Business. The initial training program will last a total of approximately 7 to 10 days. Initial training will be conducted on demand as necessary for new franchisees. The Initial Training Program must be completed at least 3 weeks prior to the opening of your Bonita Bowls Business.

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The subjects covered and approximate hours of on-the-job training are described below:

**TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training (Hours)</b>	<b>Hours of On-the-Job Training (Hours)</b>	<b>Location</b>
Front of House	2	24	Glen Ellyn, IL
Back of House	2	24	Glen Ellyn, IL
Point of Sale	2	16	Glen Ellyn, IL
Inventory and Cost of Goods	2	1	Glen Ellyn, IL
Accounting	2	N/A	Glen Ellyn, IL
Cleaning System	1	1	Glen Ellyn, IL
Labor Systems	1	N/A	Glen Ellyn, IL
<b>Totals</b>	12 Hours	66 Hours	

Currently the initial training is conducted by Kyle Kissane. Kyle Kissane is our founder and President and has operated healthy fast-casual smoothie restaurants for over 5 years, including over 1 year operating Bonita Bowls Business of the type you will operate.

Other representatives and related personnel may conduct certain portions of training.

The training materials include the Manual and other information.

You must replace any manager who fails to successfully complete a training program or who in our opinion is otherwise not qualified to manage your Bonita Bowls Business. If your designated owner fails to successfully complete the initial training, we reserve the right to terminate your Franchise Agreement.

Our entire training program is subject to change without notice to you due to updates in materials, methods, manuals and personnel. The subjects and time periods allocated to the subjects actually taught to a specific franchisee and its personnel may vary based on the experience of those persons being trained.

Around the time of the opening of your Bonita Bowls Business, we will send on or more one or more of our representatives to provide on-site startup assistance at your Approved Location for up to 4 days. We, in our discretion, will determine when the on-site assistance and training will take place and how long it will last. If we require or you request additional on-site start-up assistance, we will provide the additional assistance at your expense. (Franchise Agreement, Section 8.3).

Your Managing Owner and/or designated manager(s) of your Bonita Bowls Business may be required by us to attend additional training programs, meetings, and webinars that we specify for up to 5 days each calendar year. We may charge a tuition fee for attendance at such training, meeting or webinars. You will be responsible for all costs or expenses associated with your owner’s and/or managers’ attendance at such training programs, meetings and webinars. (Franchise Agreement, Section 8.4).

We may hold and require all franchisees to attend national, regional or local conferences for Bonita Bowls franchisees to discuss updates to products, services, methods, operational standards, policies and procedures, and marketing and advertising. If we hold such conferences, your Managing Owner may be required to attend up to 5 days each calendar year. We may charge you a fee to attend the conference (“Conference Registration Fee”). If your owner fails to attend any conference held during the term of this Agreement for which attendance is mandatory, you remain obligated to pay the Conference Registration Fee. Any costs or expenses associated with your owner’s attendance at such conferences will be your responsibility. (Franchise Agreement, Section 8.5).

You may request and we may provide additional initial or ongoing training beyond the amount normally provided to franchisees for our then-current training fees, plus any travel and living expenses incurred by our representative if travel to your Bonita Bowls Business is necessary to conduct the additional training. (Franchise Agreement, Section 8.6).

## **ITEM 12** **TERRITORY**

We will grant you the right to operate a Bonita Bowls Business under the Marks at one specific location approved by us (“Approved Location”). Once a site is selected by you and approved by us, you may not relocate your Bonita Bowls Business without our prior written approval, which approval will not be unreasonably withheld provided you are not then in default under the Franchise Agreement or any other agreement between you and us or any of our affiliates. Our approval for relocation is based on the same standards we use to approve new Bonita Bowls Business sites.

You will be granted an exclusive territory. During the term of the Franchise Agreement, provided Franchisee or any of its affiliated companies is not in default of the Franchise Agreement or any agreement with us, a parent, subsidiary or affiliate, we will not establish, nor grant another the right to establish a Bonita Bowls Business within the Protected Area that will be described in Exhibit A to the Franchise Agreement (the “Protected Area”). Once the Approved Location has been determined, we shall complete Exhibit A to the Franchise Agreement with the description of the Protected Area. The Protected Area will have a minimum population of 15,000 people. The boundaries of your Protected Area will be further defined by zip codes, county or city lines, or other limit.

You may not use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of and apart from your Bonita Bowls Business without our prior written consent, which we may withhold in our sole discretion. You must not conduct targeted marketing in the Protected Area of another Bonita Bowls franchisee or affiliate-owned Bonita Bowls Business. Otherwise, you are not prohibited from accepting orders from customers outside of your Protected Area, except that we will establish guidelines and standards for delivery and catering services, including restricting the area within which these services may be offered. The permitted area for delivery and catering services is not necessarily the same as the Protected Area.

We retain the rights, among others, without any compensation to you:

1. to distribute products and services which comprise, may in the future comprise or which do not comprise, a part of the System through any alternate distribution channels including, but not limited to, supermarkets and other retail facilities, wholesale sale, catalogs, direct marketing, the Internet or similar electronic media, using the Bonita Bowls Marks and other trademarks or service marks;
2. establish company-owned or franchisee-operated businesses that sell similar products and/or services under different trade names or trademarks other than the Marks or System;


3. acquire, merge with, or be acquired by any other business, including a business that operate or license businesses that compete directly with your Bonita Bowls Business, including in your Protected Area; and
4. to implement and maintain multi-area marketing programs, including internet and regional or national accounts, which may allow us or others to solicit or sell to customers anywhere. We reserve the right to issue mandatory policies to coordinate these multi-area marketing programs.

You will not receive the right to acquire additional franchises or additional Bonita Bowls Businesses, or a right of first refusal on the sale of existing franchises under the Franchise Agreement.

Your franchise agreement is dependent upon achievement of a minimum sales volume, market penetration or other contingency. Specifically, in the second full calendar year and thereafter, you must achieve a minimum of \$300,000 in annual gross sales. Failure to meet this requirement may result in the creation of a corrective training program and/or a requirement for you to perform additional local marketing. Under the corrective training program, you will be given a period of time in which to increase sales to achieve this requirement or face possible termination of the franchise agreement or termination or reduction of your Protected Area.

**ITEM 13**  
**TRADEMARKS**

We grant you the non-exclusive right and obligation to use the Marks under your Franchise Agreement. You may also use other current or future trademarks to operate your Bonita Bowls Business as we designate from time to time. Our affiliate Kissane Ventures LLC owns and is using the Marks in connection with Bonita Bowls Businesses and has granted a license to us to use and sublicense the use of the Marks to our franchisees. Kissane Ventures LLC has applied for and/or obtained a registration for the Marks on the Principal Register of the United States Patent and Trademark Office (the “USPTO”):

Mark	Filing Date	Serial No.
BONITA BOWLS (Word Mark)	September 19, 2022	97596752
	December 22, 2022	97729280

We derive the right to use the Marks under a License Agreement dated January 1, 2023 (“License Agreement”) with our affiliate, Kissane Ventures LLC, the owner of the Marks. The License Agreement permits us to license to our franchisees the use of the name and mark “Bonita Bowls,” the related design mark, and the Proprietary System developed by Kyle Kissane. The term of the License Agreement is 20 years, with automatic 10-year renewals, unless Kissane Ventures LLC provides us a written notice of termination for good cause. We have the non-exclusive right to use the Marks and Proprietary System in connection with the offer and sale of franchises to third parties to own and operate Bonita Bowls Franchised Businesses. Kissane Ventures LLC may terminate our rights under the License Agreement in the event of our breach. Under the License Agreement we must furnish Kissane Ventures LLC with specimens of the

use of the Marks, including, but not limited to advertising and promotions. The License Agreement does not limit our or your rights to use the name or the Proprietary System. There are no other agreements currently in effect that significantly limit our or your rights to use the Bonita Bowls name or the Proprietary System.

We do not yet have trademark registrations of our principal mark or logo design, “Bonita Bowls.” An application for the word mark has been filed as noted in the above table. Therefore, our trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Our affiliate will file all required affidavits necessary to maintain these registrations.

There is currently no pending material federal or state court litigation regarding our use or ownership rights in any of our Marks. There are no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation involving the Marks. Before you sign the Franchise Agreement, you should investigate independently whether your use of the Marks in your area might infringe on the rights of any third party, particularly in your intended area of operation.

You must follow our rules, guidelines and requirements when using the Marks. You cannot use our name or the Marks as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent, which we may withhold in our sole discretion. You must indicate to the public in any contract, advertisement and with a conspicuous sign in your Bonita Bowls Business that you are an independently owned and operated licensed franchisee of ours. You may not use the Marks in the sale of unauthorized services or products or in any manner we do not authorize. All rights and goodwill from the use of the Marks accrue to us.

We have the sole right to control use of the Marks on all websites, social media, digital marketing and mobile applications.

If it becomes necessary or advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

You must notify us immediately if you learn about an infringing or challenging use of the Marks. If you are in compliance with the Franchise Agreement, we will defend you against any claim brought against you by a third party alleging that your use of the Marks in accordance with the Franchise Agreement infringes upon that party’s intellectual property rights. We may require your assistance, but we will control any proceeding or litigation relating to the Marks. We have no obligation to pursue any infringing users of the Marks. If we learn of an infringing user, we will take the action appropriate, but we are not required to take any action if we do not feel it is warranted. You must notify us immediately if you learn that any party is using the Marks or a trademark that is confusingly similar to the Marks. We have the sole discretion to take such action as we deem appropriate to exclusively control any litigation or administrative proceeding involving the Marks. You must not directly or indirectly contest our right to the Marks. We may acquire, develop and use additional marks not listed here, and may make those marks available for your use and for use by other franchisees.



We do not know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

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

We do not own any patents or patents pending that are material to Bonita Bowls Business. We have not filed for any copyrights, but we claim common law copyright rights over the Manual, all advertising and marketing materials, all menus and the Bonita Bowls website [www.bonitabowls.co](http://www.bonitabowls.co). You may use the proprietary information in our Manual, so long as you follow all of the restrictions set forth in the Franchise Agreement. Any printed copies of the Manual or any other materials containing proprietary information must be destroyed or returned to us immediately upon the expiration or termination of your Franchise Agreement.

We also consider certain information, knowledge and know-how concerning us and the System to be trade secrets and proprietary information, including the standards, specifications, management systems, recipes, menus, techniques, financial information (such as product costs and sources of supply), the Manual and business operations and procedures that would, if used by others, give others a substantial competitive advantage presently enjoyed by us.

You may not, without our prior written consent, disclose, use, or permit the use of any part of the Manual or the System except as may be required by law or as authorized in the Franchise Agreement. You must use your best efforts to prevent any employee from using the System and any of the Marks, or from operating a business that is substantially similar to a Bonita Bowls Business. There currently are no effective determinations of the United States Patent and Trademark Office, the United States Copyright Office, or a court regarding any copyrighted materials.

Except in connection with the operation of your Bonita Bowls Business, you must not use any proprietary information or trade secret without our written permission. You must immediately tell us if you learn about unauthorized use of this proprietary information. We are not obligated to take any action, but we will respond to this information as we deem appropriate. We will control any litigation related to the proprietary information. We will indemnify you against losses claimed by a third party concerning your authorized use of this information. Our right to use or license these copyrighted and proprietary materials is not materially limited by any agreement or known infringing use. There are no determinations of any administrative office or any court regarding these copyrighted and proprietary materials.

The Franchise Agreement also requires you to follow all of our security procedures, disclose our proprietary information to your employees only as needed to market our products and services, not use any proprietary information in any other business and exercise the highest degree of diligence to maintain our proprietary information as confidential.

If it becomes necessary or advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any patents, copyrights, or confidential information, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses, for any loss of revenue or other indirect expenses due to any modified or discontinued patents, copyrights, or proprietary information, or for your expenses of implementing modified or substituted patents, copyrights, or proprietary information.

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

We require that one of your principal owners who has at least a 10% ownership interest in Franchisee will have supervisory responsibility over the Franchises Business (the “Managing Owner”) and devote full time energy and best efforts to the development, promotion, management, and operation of the Franchise Business. Your Managing Owner or one designated management employee who has attended and successfully completed our training program must provide full time direct on-site supervision of the operation of the Franchised Business.

We recommend that a designated manager (which may be you) devote substantial full-time and best efforts on a daily basis, in person, to the supervision and conduct of a Bonita Bowls Business. Your designated manager must successfully complete our training program. Your designated manager need not have an ownership interest in the franchisee entity. If you replace a manager, the new manager must satisfactorily complete our training program.

If at any time you propose that the Franchised Business to be operated or managed by an entity or individual other than Franchisee, we reserve the right to review and approve the operating or managing entity or individual and to require and approve an operating or management agreement prior to such party's assumption of operations. We may reject the operating entity, the individual operator or the operating or management agreement in our discretion. If approved by us, the operating entity and/or individual must agree in writing to comply with all of Franchisee's obligations under the Franchise Agreement as though such party were the franchisee designated therein, on such form as may be designated by us. The operation of the Franchised Business by any party other than Franchisee, without our prior written consent, is a default of the Franchise Agreement for which we may terminate the Franchise Agreement.

Any manager and any officer or manager of the franchisee entity who does not own an equity interest in the Franchisee entity, must sign a separate written agreement with you incorporating nondisclosure clauses, including naming us as a third party beneficiary. An example of an agreement we current consider satisfactory, including provision to confirm our ownership of Improvements (as defined in Section 5.2 of the Franchise Agreement) is the Confidentiality Agreement attached to the Franchise Disclosure Document as Exhibit I. The requirement for the Confidentiality Agreement between you and your employees, including the provision that makes us a third party beneficiary, shall not create an employee or joint employee relationship between us and your employees, nor does it constitute our control over your employees’ conditions of employment. Agreement in a form acceptable to us and in compliance with your local or state law. Each owner of the Franchisee entity must sign a “Guaranty and Assumption of Franchisee’s Obligations,” the form of which is attached to the Franchise Agreement.

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

You must sell or offer for sale all types of products and services specified by us. We may change or add to our required products and services at our discretion with prior notice to you. If we change or add to our required products or services, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. Your Bonita Bowls Business may not offer any products or services that we have not authorized for Bonita Bowls Businesses without our prior written approval, which we may withhold in our

sole discretion. You must discontinue selling and offering for sale any services or products that we disapprove. We reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions.

You may not use your Bonita Bowls Business premises for any purpose other than the operation of a Bonita Bowls Business, in compliance with the Franchise Agreement. You must at all times maintain sufficient inventory, supplies and personnel to operate your Bonita Bowls Business at its maximum capacity and efficiency.

You will offer third party delivery services (unless third party services are not currently available in your market) and catering services to your customers. We will establish guidelines and standards for delivery and catering services, including restricting the area within which these services may be offered. In addition, if you fail to maintain our then current operational standards and specifications for such services or if you are in default of your franchise agreement, we have the right to require you to cease offering the delivery and/or catering services.

You may not sell products through other channels of distribution such as wholesale, internet or mail order sales. Otherwise, except as provided in Item 12, we place no restrictions upon your ability to serve customers and we do not impose any restrictions limiting your access to customers.

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

**THE FRANCHISE RELATIONSHIP**

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

Provision	Section in Franchise Agreement	Summary
a. Length of the Franchise term	Section 2.1	10 years from the date of the Franchise Agreement.
b. Renewal or extension of the term	Sections 2.2-2.3	If you are in good standing and you meet defined requirements, including a renewal fee, you may add 2 additional term of 5 years.
c. Requirements for you to renew or extend	Sections 2.2-2.3	You may renew for 1 additional term of 10 years each at a time if you have complied with the Franchise Agreement during the initial term and are not in default under Franchise Agreement or any other agreement; provide notice within the time limits set forth in the Franchise Agreement; execute a new Franchise Agreement in the form then in use by us (which may contain terms and conditions materially different from your original Franchise Agreement); execute a general release in a form satisfactory to us; you and your manager(s) comply with our then-current training requirements; maintain possession or secure a substitute location for your Bonita Bowls Business; pay us a renewal fee of \$10,000.00; update, reimagine, renovate, refurbish and modernize your Bonita Bowls Business to meet the then-current standards, specifications and designs of Bonita Bowls Businesses; and comply with other conditions.
d. Termination by you	16.8	You may request termination of the Franchise Agreement at any time within 30 days of the execution of this Agreement. If you exercise the right to terminate, we will refund you 50% of the Initial Franchise Fee.

Provision	Section in Franchise Agreement	Summary
e. Termination by us without “cause”	Not Applicable	We must have cause to terminate the Franchise Agreement.
f. Termination by us with “cause”	Sections 16.1-16.5	We may terminate only if you default as stated in the Franchise Agreement.
g. “Cause” defined – curable defaults	Sections 16.3-16.5, 16.7	You have 10 days to cure various defaults including failure to report Gross Sales and pay any money owed to us; failure to comply with federal, state or local law or regulation applicable to the Bonita Bowls business; failure to purchase required insurance; defaulting under your lease and not curing the default in the applicable cure period. For all other defaults not listed in Section 16.1, 16.2, or 16.3 under the Franchise Agreement, you have 30 days to cure a default. A default under any other agreement with us or an affiliate is a default under the Franchise Agreement.
h. “Cause” defined - non-curable defaults	Section 16.1-16.2	Non-curable defaults include: you become insolvent, adjudicated bankrupt or insolvent, make a general assignment for the benefit of creditors; have an unopposed petition of bankruptcy or proceedings with a composition of creditors filed against you; a receiver or other custodian takes control of your assets; a final judgment against you remains unsatisfied for 30 days or longer; your Bonita Bowls Business entity is dissolved; execution or foreclosure proceedings are filed against your Bonita Bowls Business premises or any equipment of the Bonita Bowls Business and is not dismissed for 30 or more days; or if the real or personal property of the Bonita Bowls Business is sold after levy by a sheriff or marshal. Further non-curable defaults include: failure to sign a lease, open for business, or complete the training program in the applicable time periods; abandoning your Bonita Bowls Business for a period of 5 days; any license required to operate is revoked and you do not take actions to

Provision	Section in Franchise Agreement	Summary
		reinstatement of the license within 5 days; you, or any of your Bonita Bowls Business' shareholders, members, managers, partners, officers, directors or guarantors are indicted for, convicted of, or pleads guilty to a felony, a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on our franchise system; creates a threat or danger to public health as a result from your Bonita Bowls Business or violate a health or safety law; you or your principals fail to comply with in-term non-competition and non-solicitation covenants; you make an unauthorized assignment or transfer; you make any unauthorized use of any Confidential Information, unauthorized use of the Marks, or disclose any portion of the Operations Manual; 3 or more times in 12 months fail to submit reports, pay any amounts due to us, pay any amounts due to suppliers, or fail to comply with this agreement or any mandatory specification; fail to meet the Minimum Annual Gross Sale Quota for any 2 consecutive years and fail to cure within 6 months.
i. Our right to operate your business upon your default	Section 16.8	If you have not cured a default under the Franchise Agreement within 14 days after receipt of a written notice of default, we, or our agent or other representative that we designate, may enter your business premises and exercise complete authority with respect to the operation of your Bonita Bowls Business until we determine that the default has been cured. You must pay us the then-current published fee for such management service, plus all travel expenses, room and board and other expenses reasonably incurred by us so long as it shall be required to enforce compliance with the Franchise Agreement.
j. Your obligations on termination/non-renewal	Section 17.1	Obligations include the immediate cessation of operating the Bonita Bowls Business and use of any of our trade dress, Marks, or advertising materials; the immediate return of the Manual, training and other related materials; a complete

Provision	Section in Franchise Agreement	Summary
		de-identification from the Bonita Bowls Business; assignment of telephone numbers and internet accounts; cancellation of assumed name; the immediate notification of all your suppliers and others with whom you do business; and payment of all amounts due (See also s. below)
k. Assignment of contract by us	Section 15.1	No restrictions on our right to assign.
l. “Transfer” by you – defined	Section 15.2	You may not assign or transfer any of your interest in the Franchise Agreement or a substantial portion of the assets of the Bonita Bowls Business without our express written permission, which may be granted or denied at our discretion.
m. Our approval of transfer by you	Section 15.2, 15.3 and 15.4	We have the right to approve all transfers of your Franchise Agreement and your Bonita Bowls Businesses combined in accordance with the terms and conditions set out in the Franchise Agreement, but will not unreasonably withhold approval.
n. Conditions for our approval of transfer	Sections 15.3	A potential transfer will be approved if you are not in default under your Franchise Agreement or any other agreement with us; the new franchisee meets our qualifications and agrees to remain obligated under the covenants and various transfer obligations in your Franchise Agreement; you execute a general release in favor of us and our Affiliates, of any claims you may have against us or our Affiliates as well as, at our option, a written assignment to which the new franchisee would assume all of the obligations of you under your Franchise Agreement, or then-current franchise agreement, which may materially differ from your Franchise Agreement; the applicable transfer fee of \$8,900 is paid (unless transferred to a new entity of yours or to an existing shareholder partner, or member of your Bonita Bowls Business entity);

Provision	Section in Franchise Agreement	Summary
		<p>the transfer agreement is provided to us at least 15 days prior to the proposed transfer and is approved by us; the training is completed, you sign a general release, the new franchisee signs a then-current franchise agreement; the new franchisee, at its sole cost, agrees to a renovation of the Bonita Bowls Business within the timeframe specified by us, unless it was renovated within the last 5 years prior to the transfer; the new franchisee’s organizational documents (i.e. operating agreement or bylaws) provide that further assignments or transfers are subject to the Franchise Agreement; you execute a guaranty for the new franchisee’s obligations under your Franchise Agreement, as requested by us; and you obtain an assignment of the current lease or a new lease for existing premises of the Bonita Bowls Business for a lease term (including renewal terms) equal to the franchise term. (See also s. below.)</p>
<p>o. Our right of first refusal to acquire your business</p>	<p>Section 15.9</p>	<p>We can match any bona fide written offer from a qualified third party for all or any part of your Bonita Bowls Businesses.</p>
<p>p. Our option to purchase your business</p>	<p>Section 17.2</p>	<p>Upon expiration or termination, we have the right to purchase improvements, furniture, fixtures, equipment, advertising and promotional materials, ingredients, products, materials, supplies, paper goods and any items bearing our Marks at the then-current fair market value, but specifically excluding any value for goodwill or going concern value. If you and us cannot agree on a fair market value within a reasonable time, an independent appraiser shall be designated by us, and his/her determination of fair market value shall be binding.</p>
<p>q. Death or mental incapacity of you</p>	<p>Section 15.6</p>	<p>Upon the death or mental incapacity of any person with an interest in the Franchise Agreement, your designated personal representative must transfer the interest of such</p>



Provision	Section in Franchise Agreement	Summary
		person to an approved third party within 12 months after the event.
r. Non-competition and Non-Solicitation covenants during the term of the franchise	Section 14.2, 14.4; Conversion Addendum	No involvement in Competitive Business anywhere and no diversion of any business or customers of the Bonita Bowls Business. No solicitation of our employees or our franchisee’s employees.
s. Non-competition and non-solicitation covenants after the franchise is terminated or expires	Section 14.3 – 14.4; Conversion Addendum	No involvement in Competitive Business for 2 years within 10 miles of the site of any Bonita Bowls Business, whether or not formerly owned by you, except owning less than 2% of the outstanding shares of a publicly traded security. No solicitation of our employees or our franchisees’ employees for 1 year.
t. Modification of agreement	Sections 7.1, 23.1, 25.1, 25.8	No modifications generally without mutual consent, but the Manual is subject to change.
t. Integration/merger clause	Section 23.1	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). However, nothing in the Franchise Agreement or any related agreement is intended to disclaim our representations made in this Franchise Disclosure Document.
u. Dispute resolution by arbitration	Sections 24.1 – 24.3	Illinois (subject to state law).
v. Choice of forum	Sections 24.4	Illinois (subject to state law).
w. Choice of law	Sections 24.4	Illinois (subject to state law).

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**ITEM 18**  
**PUBLIC FIGURES**

We do not use any public figure to promote our franchise.

**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in this 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.

**STATEMENT OF ACTUAL ANNUAL GROSS REVENUES AND COST OF GOODS SOLD FOR THE 12 MONTH PERIOD JANUARY 1, 2023 TO DECEMBER 31, 2023 OF 2 AFFILIATE-OWNED BONITA BOWLS BUSINESSES OPERATING FOR AT LEAST 12 MONTHS**

The following is a statement of actual annual gross revenues and cost of goods sold for the 12 month period ended December 31, 2023 for 2 affiliate-owned Bonita Bowls Businesses.

The data on annual gross revenues and cost of goods sold does not include revenue information and cost of goods sold from 1 affiliate-owned Bonita Bowls Business that began operations after January 1, 2023 and, therefore, did not operate for a full 12-month period as of December 31, 2023.

**Some outlets have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.**

<b>Location</b>	<b>Actual Annual Gross Revenues</b>	<b>Cost of Goods Sold</b>	<b>Cost of Goods Sold as a Percentage (%) of Actual Annual Gross Revenues</b>
Affiliate-Owned Bonita Bowls Business #1	<b>\$835,717</b>	<b>\$272,643</b>	<b>32.6%</b>
Affiliate-Owned Bonita Bowls Business #2	<b>\$498,218</b>	<b>\$172,808</b>	<b>34.7%</b>

\*Nearest whole numbers are used.

Notes to tables above: “Gross revenue” is the total revenue earned by the franchisee without any deductions being taken. The “Mean” is the average and is calculated by the sum of all

gross revenue reported being divided by the number of territories included in the sum. The “Median” is the middle number of all gross revenue reported, and if there are two middle numbers, is calculated as the average of those two middle numbers. The gross revenue for each franchisee in the set is listed from high to low to determine the highest gross revenue number and the lowest gross revenue number.

This financial performance representation does not provide information on the net profits of our affiliate-owned businesses. This financial performance representation does not include information concerning expenses (other than cost of goods sold) or profits that may be realized in the operation of a Bonita Bowls business.

The financial performance representations in the Tables are historic information. The financial information we utilized in preparing the preceding financial performance representations was based upon our affiliates’ profit and loss statements for the fiscal year ended December 31, 2023. None of this information was audited by us or by any independent accountant or auditing firm, and no one had audited, reviewed or otherwise evaluated this information for accuracy or expressed his/her opinion with regard to its content or form.

You should carefully consider these and other factors in evaluating this information and in making any decision to purchase a franchise.

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

Other than the preceding financial performance representation, 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 actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Kyle Kissane, 23480 Hidden Lake Drive, Bonita Springs, FL 34134, (239) 405-4537, the Federal Trade Commission and the appropriate state regulatory agencies.

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**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1  
System-wide Outlet Summary  
For Years 2021 – 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised*	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Affiliate-Owned	2021	0	1	+1
	2022	1	2	+1
	2023	2	3	+1
Total Outlets	2021	0	1	+1
	2022	1	2	+1
	2023	2	3	+1

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

State	Year	Number of Transfers
Total*	2021	0
	2022	0
	2023	0

*The remainder of this page has been left blank intentionally.*

Table No. 3  
Status of Franchised Outlets  
For Years 2021 – 2023

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Total	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

Table No. 4  
Status of Affiliate-Owned Outlets  
For Years 2021 – 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
Illinois	2021	0	1	0	0	0	1
	2022	1	1	0	0	0	2
	2023	2	1	0	0	0	3
Total Outlets	2021	0	1	0	0	0	1
	2022	1	1	0	0	0	2
	2023	2	1	0	0	0	3

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

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Affiliate-Owned Outlets in the Next Fiscal Year
Illinois	2	6	2
Tennessee	0	2	0
Total	2	8	2

We began operating on January 1, 2023 and do not yet have any operating franchisees as of the date of this Disclosure Document. A list of the names of all franchisees and the addresses and telephone numbers of their franchises is attached to this Franchise Disclosure Document as Exhibit G. There were no franchisees that have had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our last fiscal year, or who has not communicated with us within 10 weeks of the date of this Franchise Disclosure Document. If you buy this Franchise, your contact information may be disclosed to other potential buyers when you leave the System.

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

As of the date of this Franchise Disclosure Document, there is no (i) trademark-specific franchisee organization associated with the System being offered that we have created, sponsored or endorsed or (ii) independent franchisee organizations that have asked to be included in this Franchise Disclosure Document.

## **ITEM 21** **FINANCIAL STATEMENTS**

Attached to this Franchise Disclosure Document as Exhibit D is our unaudited beginning balance sheet as of January 1, 2023 and our audited balance sheet and statement of income for the fiscal year ended December 31, 2023. Since we only began operations in January 2023, we cannot provide 3 years of audited financial statements.

Our fiscal year end is December 31.

## **ITEM 22** **CONTRACTS**

The following agreements regarding the offering of a Franchise are attached as exhibits to this Franchise Disclosure Document.

1. Franchise Agreement (Exhibit B)
2. Confidentiality Agreement (Exhibit I)

You must complete and sign the Exhibit E Franchisee Acknowledgement Questionnaire before you sign the Franchise Agreement.

## **ITEM 23** **RECEIPTS**

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

**EXHIBIT A**  
**LIST OF STATE AGENCIES/**  
**AGENTS FOR SERVICE OF PROCESS**

<p><b><u>CALIFORNIA</u></b>  Commissioner  Department of Financial  Protection and Innovation  320 West 4<sup>th</sup> Street, #750  Los Angeles, CA 90013  (213) 576-7500  1-866-275-2677</p> <p><b><u>HAWAII</u></b>  Commissioner of Securities of  the State of Hawaii  335 Merchant Street, Room 205  Honolulu, Hawaii 96813  (808) 586-2722  <u>Agents for Service of Process:</u>  Commissioner of Securities of  the State of Hawaii  Department of Commerce and  Consumer Affairs  Business Registration Division  335 Merchant Street, Room 205  Honolulu, Hawaii 96813  (808) 586-2722</p> <p><b><u>ILLINOIS</u></b>  Illinois Attorney General  Chief, Franchise Division  500 South Second Street  Springfield, IL 62706  (217) 782-4465</p> <p><b><u>INDIANA</u></b>  Secretary of State  Securities Division  Room E-111  302 West Washington Street  Indianapolis, IN 46204  (317) 232-6681</p>	<p><b><u>MARYLAND</u></b>  Office of the Attorney General  Division of Securities  200 St. Paul Place  Baltimore, Maryland 21202-2020  (410) 576-6360  <u>Agent for Service of Process:</u>  Maryland Securities Commissioner  200 St. Paul Place  Baltimore, Maryland 21202-2020</p> <p><b><u>MICHIGAN</u></b>  MI Department of Attorney General.  Consumer Protection Division  Franchise Section  G. Mennen Williams Building, 1<sup>st</sup>  Floor  525 West Ottawa Street  P.O. Box 30212  Lansing, MI 48909  (517) 373-7117</p> <p><b><u>MINNESOTA</u></b>  Department of Commerce  Commissioner of Commerce  85 Seventh Place East, #500  St. Paul, MN 55101-3165  (651) 539-1500</p> <p><b><u>NEW YORK</u></b>  Administrator:  Office of the New York State Attorney  General  Investor Protection Bureau  Franchise Section  28 Liberty Street, 21<sup>st</sup> Floor  New York, NY 10005  (212) 416-8222 Phone  (212) 416-6042 Fax</p> <p>Agent for Service:  New York Department of State  One Commerce Plaza,  99 Washington Avenue, 6<sup>th</sup> Floor  Albany, NY 12231-0001  (518)-473-2492</p> <p><b><u>NORTH DAKOTA</u></b>  North Dakota Securities Department  State Capitol, Fifth Floor, Dept. 414  600 East Boulevard Avenue  Bismarck, North Dakota 58505-0510  (701) 328-4712</p>	<p><b><u>RHODE ISLAND</u></b>  Department of Franchise  Regulation  1511 Pontiac Avenue  John O. Pastore Complex  Bldg. 69-1  Cranston, Rhode Island 02920  (401) 222-3048</p> <p><b><u>SOUTH DAKOTA</u></b>  Department of Labor and  Regulation, Division of Insurance,  Securities Regulation  124 South Euclid, Suite 104  Pierre, South Dakota 57501  (605) 773-3652</p> <p><b><u>VIRGINIA</u></b>  State Corporation  Commission  Division of  Securities and Retail  Franchising  1300 East Main  Street, 9<sup>th</sup> Floor  Richmond, Virginia  23219  <u>Agent for Service of  Process:</u>  Clerk of the State  Corporation  Commission  1300 East Main  Street  1<sup>st</sup> Floor  Richmond, Virginia 23219</p> <p><b><u>WASHINGTON</u></b>  Department of Financial  Institutions  Securities Division  150 Israel Road SW  Tumwater, WA 98501  (360) 902-8760</p> <p><b><u>WISCONSIN</u></b>  Department of Financial  Institutions  Division of Securities  201 West Washington Avenue  Suite 300  Madison, WI 53703  (608) 267-9140</p>
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**EXHIBIT B**  
**FRANCHISE AGREEMENT**



**BONITA BOWLS  
FRANCHISE AGREEMENT**

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**BONITA BOWLS  
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (this “**Agreement**”) is made by and between BB Franchisor LLC, a Florida limited liability company, having its principal place of business at 23480 Hidden Lake Drive, Bonita Springs, FL 34134 (“**Franchisor**”) and the franchisee named on the signature page of this Agreement (“**Franchisee**”).

**WITNESSETH**

WHEREAS, Franchisor and its affiliates have developed and own a unique system (the “**System**”) for operating and granting others the right to own and operate a business (a “**Bonita Bowls Business**”) which serve health food to the general public, with a menu featuring smoothie bowls, poke bowls, wraps, salads, smoothies, toast, waffles and related products in a fast-casual restaurant.

WHEREAS, the distinguishing characteristics of the System include, without limitation, the name “Bonita Bowls,” specially designed buildings, distinctive interior and exterior layouts, decor, color schemes, and furnishings, recipes and preparation methods, specialized menus, standards and specifications for furniture, fixtures and equipment, business design and layouts, operating procedures, and management programs, all of which may be changed, improved, and further developed by Franchisor from time to time;

WHEREAS, Franchisor identifies the System by means of certain trade names, service marks, trademarks, logos, emblems, and other indicia of origin, including but not limited to the mark “Bonita Bowls” and such other trade names, service marks, trademarks and trade dress as are now, or may hereafter, be designated by Franchisor for use in connection with the System (collectively, the “**Marks**”);

WHEREAS, Franchisor continues to develop, use, and control the use of such Marks to identify to the public the source of services and products marketed hereunder in the System and to represent the System’s high standards of quality, appearance, and service;

WHEREAS, Franchisor offers to qualified candidates the grant of a franchise to operate a Bonita Bowls Business;

WHEREAS, Franchisee wishes to be assisted, trained, and licensed by Franchisor as a Bonita Bowls franchisee and licensed to use the System in connection therewith; and

WHEREAS, Franchisee understands the importance of the System and Bonita Bowl’s high and uniform standards of quality, cleanliness, appearance, and service, and the necessity of opening and operating Bonita Bowls Businesses in conformity with the System.

NOW, THEREFORE, the parties hereto agree as follows:

**I. APPOINTMENT**

1.1 Grant of Franchise. For the Term (as defined in Section 2.1), Franchisor grants to Franchisee, and Franchisee accepts from Franchisor, a non-exclusive license to operate one Bonita Bowls Business (the “Franchised Business”), and Franchisee accepts the obligation to operate the Franchised Business during the Term, in the following general area: \_\_\_\_\_ . Upon approval of Franchisee’s location by Franchisor, Franchisor and Franchisee execute Exhibit A attached hereto, which will identify the Approved Location.

1.2 Operation of the Franchised Business. Franchisee shall operate the Franchised Business, and use the Marks and the System in connection with the Franchised Business, as the Marks and the System may be modified, improved and developed by Franchisor from time to time, only in accordance with the terms and conditions of this Agreement. Franchisee shall use its best efforts to develop and promote the Franchised Business. All Bonita Bowls products must be sold by Franchisee only from the Approved Location. Franchisee may not use other channels of distribution such as the internet, catalog sales, telemarketing or other direct marketing to make sales outside of and apart from the operation of the Franchised Business at the approved location without Franchisor's prior written consent, which may be withheld by Franchisor in its sole discretion.

1.3 Protected Area. Subject to the terms and conditions of this Agreement and provided Franchisee or any of its affiliated companies is not otherwise in default of this Agreement or in default of any other agreement with Franchisor or with a parent, subsidiary or affiliate of Franchisor ("Affiliates"), Franchisor shall not establish, nor grant another the right to establish a Bonita Bowls Business, during the Term, within the area described in Exhibit A of this Agreement (the "Protected Area"), without Franchisee's prior written consent. The Protected Area will be a geographic area with a minimum population of fifteen thousand (15,000) people. The boundaries of Franchisee's Protected Area will be further defined by zip codes, county or city lines, or other limit. Upon the determination of the Approved Location, Franchisor and Franchisee shall complete and execute Exhibit A with a description of the Protected Area.

1.4 Reservation of Rights. Except as otherwise set forth herein, (a) the franchise granted to Franchisee under this Agreement is non-exclusive, and Franchisor grants to Franchisee the rights to establish and operate the Franchised Business at only the specific Approved Location, (b) no other exclusive, protected or other territorial rights related to the Franchised Business or otherwise is to be inferred and (c) Franchisor and/or its Affiliates have the right to operate and grant as many other franchises for the operation of Bonita Bowls Businesses other than within the Protected Area, anywhere in the world, as they shall, in their sole discretion, elect. Franchisor and its Affiliates retain the rights, among others, within or outside of the Protected Area, without any compensation to Franchisee, to:

(a) distribute products and services which comprise, may in the future comprise or which do not comprise, a part of the System through any alternate distribution channels including, but not limited to, supermarkets and other retail facilities, wholesale sale, catalogs, direct marketing, the Internet or similar electronic media, using the Marks and other trademarks or service marks ("Alternate Distribution Channels");

(b) establish businesses which are franchised, licensed, or owned by Franchisor or any affiliate at any locations Franchisor deems appropriate or distribute products or services which are similar to the products and services offered under the System under trade names, trademarks, service marks, trade dress or other commercial symbols other than the Marks.

(c) acquire, merge with, or be acquired by a company establishing businesses identical or similar to the Franchised Business, even if the other business operates, franchises, and/or licenses competitive businesses anywhere, including the Protected Area;

(d) implement and maintain multi-area marketing programs at any time, including internet and regional or national accounts. Franchisor reserves the right to establish mandatory policies and procedures for these multi-area marketing programs; and

(e) engage in any other business activities not expressly prohibited by this Agreement.

1.6 Marketing Restrictions. Franchisee must not conduct targeted marketing in the Protected Area of another Bonita Bowls franchisee or affiliate-owned Bonita Bowls Business. "Targeted Marketing" shall include all forms of advertising and promotion for customers which can reasonably be restricted to an address, including, but not limited to, direct mailings, door leaflets, telephone solicitation, and localized signs. The purpose of this restriction includes, but is not limited to, preventing confusion in the marketplace among Bonita Bowls Businesses soliciting the same customers.

1.7 Conversion. If Franchisee owns and operates an existing health food business or business similar in nature to a Bonita Bowls Business, Franchisor may, at its sole option, allow Franchisee to convert to such business into a Bonita Bowls Business. If Franchisor allows such a conversion, Franchisee shall execute, concurrently with the execution of this Agreement, a Conversion Addendum to this Franchise Agreement.

## II. TERM

2.1 Term. Except as otherwise provided in this Agreement and subject to earlier termination purchase to this Agreement, the term of this Agreement (the "**Term**") shall commence on the date this Franchise Agreement is signed by Franchisor and Franchisee, and shall expire on the tenth (10<sup>th</sup>) anniversary of the date this Franchise Agreement is signed. Franchisee agrees and shall be obligated to operate the Franchised Business and perform under the terms of this Agreement for the Term, except as otherwise noted below.

2.2 Renewal Options and Condition. Franchisee shall have the option to renew its right to operate the Franchised Business for two (2) additional terms of five (5) years each, provided that Franchisor does not exercise its rights in accordance with Section 2.3 below, if and only if each and every one of the following conditions has been satisfied:

(a) Franchisee gives Franchisor written notice of its election to renew not less than six (6) months nor more than twelve (12) months prior to the expiration of the Term;

(b) At least 30 days prior to the expiration of the Term, Franchisee executes Franchisor's then-current standard form of franchise agreement, which may contain new or significantly different terms, including but not limited to a higher royalty fee and a higher advertising contribution and different territorial protections than contained in this Agreement;

(c) Franchisee executes a general release in the form prescribed by Franchisor, of any and all claims Franchisee may have against Franchisor and its Affiliates, and their respective shareholders, officers, directors, members, managers, employees and agents, predecessors, successors and assigns;

(d) Franchisee is not then in default of any provisions of this Agreement, or any other agreement between Franchisee or its affiliates and Franchisor, or its Affiliate;

(e) Franchisee has fully and faithfully performed all of Franchisee's obligations under this Agreement throughout the Term;

(f) Franchisee has paid or otherwise fully satisfied all monetary obligations owed by Franchisee to Franchisor and its Affiliates and to designated suppliers any indebtedness of Franchisee that is guaranteed by Franchisor, and Franchisee has timely paid or otherwise satisfied these obligations throughout the Term;

(g) Franchisee agrees, at its sole cost and expense, to remodel, reimagine, renovate, refurbish and modernize the Franchised Business within two hundred forty (240) days after execution of the then-current standard form of franchise agreement including but not limited to building design, parking lot, landscaping, equipment, point of sale system, signs, interior and exterior decor items, fixtures, furnishings, equipment, trade dress, color scheme, presentation of trademarks and service marks, supplies and other products and materials, to meet Franchisor's then-current standards, specifications and design criteria for Bonita Bowls Businesses, as contained in the then-current franchise agreement and Manual (as defined in Article VII), or otherwise in writing including but not limited to such structural changes, remodeling and redecoration and such modifications to existing improvement as may be necessary to do so; and

(h) Franchisee and its Designated Manager(s) (as defined below) comply with Franchisor's then-current training requirements and attend such refresher training classes as Franchisor deems necessary;

(i) Franchisee maintains possession of the premises of the Approved Location, or if Franchisee is unable to maintain possession of the Approved Location, secures an approved substitute and agrees to expeditiously develop the substitute premises in compliance with the then current standards and specifications for the development of Bonita Bowls Businesses; and

(j) Franchisee pays to Franchisor a renewal fee in the amount of Ten Thousand Dollars (\$10,000.00) at least thirty (30) days prior to the signing of the renewal Franchise Agreement.

2.3 Effect of Non-Renewal. Franchisee will not have the right to renew this Agreement upon its expiration if Franchisee fails to comply with any of the above conditions of renewal. Upon the expiration of the Term, Franchisee shall comply with the provisions of Article XVI of this Agreement.

2.4 Continued Operation Following Expiration. Franchisee has no right to continue to operate the Franchised Business after the expiration of the initial term of this Agreement unless Franchisee is granted a renewal Franchise Agreement in accordance with this Section 2. If Franchisor permits Franchisee to continue to operate the Franchised Business after the expiration of the initial term of this Agreement but before the execution of a renewal Franchise Agreement as required by Section 2.2, then the temporary continuation of the Franchised Business will be on a month-to-month basis, and will be terminable at Franchisor's option by giving Franchisee written notice of termination at least thirty (30) days before the termination is effective. If the laws of the jurisdiction in which the Franchisee or the Franchised Business are located require a longer notice period, the thirty-day period will be deemed modified to be the shortest notice period required by the laws of such jurisdiction.

### **III. FEES**

3.1 Initial Franchise Fee. In consideration of the franchise granted to Franchisee herein, Franchisee shall pay to Franchisor an Initial Franchise Fee in the amount of Thirty-Five Thousand Dollars (\$35,000.00) payable in one lump sum upon execution of this Agreement by Franchisee. If Franchisee requests a termination within thirty (30) days of the execution of this Agreement, Franchisee shall be entitled to a refund of fifty percent (50%) of the Initial Franchise Fee. Except as otherwise specifically provided herein or at Section 8.2, the initial franchise fee is non-refundable. The Initial Franchise Fee is deemed fully earned upon payment, in consideration of expenses incurred by Franchisor in granting the franchise and for Franchisor's lost or deferred opportunity to grant a franchise to others.

3.2 Royalty. Franchisee shall pay to Franchisor a recurring, non-refundable royalty in the

following amounts:

<b>Months of Operation</b>	<b>Royalty Percentage</b>
Months 1 – 12	Four percent (4%)
Months 12 – 24	Five percent (5%)
Months 25+	Six percent (6%)

Month one (1) shall mean the first calendar month of operation, which will be between one (1) and thirty-one (31) days depending on the opening date of Franchisee's Bonita Bowls Business. The royalty is payable monthly (or on such other basis as may be set forth in the Manual or otherwise agreed to in writing by Franchisor) calculated on Gross Sales of the preceding month. Royalty fees shall be paid in the manner set forth in Section 3.7 of this Agreement or as otherwise provided for in the Manual.

3.3 Marketing Fund Contribution. Recognizing the value of advertising and marketing to the goodwill and public image of Bonita Bowls Businesses, Franchisor intends to establish, maintain and administer an advertising, marketing and promotional fund (the "Marketing Fund") for such advertising, marketing and promotions as Franchisor may deem necessary or appropriate in its sole discretion. Franchisee shall contribute to the Marketing Fund an amount Franchisor designates up to one point five percent (1.5%) of the Gross Sales (as defined below) of the Franchised Business. Franchisor will give Franchisee sixty (60) days' notice prior to implementing any increase or decrease in the Marketing Fund contribution. Franchisor has the right to discontinue or reestablish the Marketing Fund upon sixty (60) days' advance notice to Franchisee. In the event Franchisor discontinues the Marketing Fund, Franchisor will distribute all unspent amounts existing in the Marketing Fund on the date of discontinuance to franchisees in proportion to their respective contributions for the most recent six (6) months. This Marketing Fund contribution is due monthly (or on such other basis as may be set forth in the Manual or otherwise agreed to in writing by Franchisor) along with the royalty fee for the Gross Sales for the preceding month. A further description of the Marketing Fund and Franchisee's obligations with respect to advertising, marketing and promoting the Franchised Business is set forth in Article XI of this Agreement. Marketing Fund contributions shall be paid in the manner set forth in Section 3.7 of this Agreement or as otherwise provided in the Manual.

3.4 Technology Fee. Franchisee shall pay to Franchisor a recurring, non-refundable technology fee in the amount of zero point five percent (0.5%) of Gross Sales (as defined herein) during the Term, payable monthly (or on such other basis as may be set forth in the Manual or otherwise agreed to in writing by Franchisor) calculated on Gross Sales of the preceding month. Franchisor has the right to determine how and for what purposes the technology fees will be used, which may include covering Franchisor's costs or paying fees to third party providers for technology development, maintenance, and usage for the franchise system, and subscription and license fees paid by Franchisor in order for franchisees to have access to and use certain technology tools, and for related research and development conducted by Franchisor. The technology fee shall be paid at times and in the manner as designated by the Franchisor.

3.5 Technology Fund Contribution. Franchisor reserves the right to establish, maintain and administer a technology fund (the "Technology Fund") for such technology research and development programs as Franchisor may deem necessary or appropriate in its sole discretion. If established, Franchisee shall contribute to the Technology Fund an amount Franchisor designates up to point five percent (0.5%) of the Gross Sales (as defined below) of the Franchised Business. Franchisor will give Franchisee sixty (60) days' notice prior to establishing the Technology Fund or implementing any increase or decrease in the Technology Fund contribution. Franchisor has the right to establish, discontinue, or reestablish the Technology Fund upon sixty (60) days' advance notice to Franchisee. In the event Franchisor discontinues the Technology Fund, Franchisor will distribute all unspent amounts existing in the Technology Fund on the date of discontinuance to franchisees in proportion to their respective contributions for the most recent

six (6) months. This Technology Fund contribution is due monthly (or on such other basis as may be set forth in the Manual or otherwise agreed to in writing by Franchisor) along with the royalty fee for the Gross Sales for the preceding month. A further description of the Technology Fund is set forth in Article XI of this Agreement. Technology Fund contributions shall be paid in the manner set forth in Section 3.7 of this Agreement or as otherwise provided in the Manual.

3.6 Late Payment Charge. If any monetary obligations owed by Franchisee to Franchisor or to its Affiliates are more than five (5) days overdue, Franchisee shall, in addition to any other obligations, pay to Franchisor a sum equal to Ten Dollars (\$10.00) per day. If any monetary obligations owed by Franchisee to Franchisor or to its Affiliates are more than thirty (30) days overdue, Franchisee shall, in addition to any other obligations, pay to Franchisor a sum equal to fifteen percent (15%) of the overdue balance per month, or the highest rate permitted by law, whichever is less, from the date said payment is due (“**Late Payment Charge**”).

3.7 Pre-Authorized Payment Methods. Franchisee shall pay for all purchases from, or fees owed to, Franchisor or its Affiliates by automated clearing house (“**ACH**”), as Franchisor may require, or by other means as set forth in this Agreement or in the Manual. Franchisor or its Affiliates shall have the right to withdraw the entire amount of any amounts owed to Franchisor or its Affiliates from Franchisee’s designated bank account (“**ACH Account**”) in accordance with the terms set forth in the Manual, as modified by Franchisor periodically. Franchisee shall, upon execution of this Agreement or any time after at Franchisor’s request, execute all documents or forms as Franchisor determines are necessary for Franchisor to process ACH withdrawals from Franchisee’s ACH Account for payments due, including the ACH Authorization Form attached hereto as Exhibit C. Franchisee agrees that it shall be responsible for any ACH transfer fee or similar charge imposed by the bank. Should any ACH not be honored by Franchisee’s bank for any reason, Franchisee shall pay to Franchisor its then-current non-sufficient funds fee. Franchisee’s failure to maintain, at all times, an ACH Account in accordance with this Agreement shall be a material default of this Agreement. Franchisor has the right to periodically specify (in the Manual or otherwise in writing) different payees and/or payment methods, such as weekly/biweekly/monthly payment, payment by auto-draft and payment by check.

3.8 Gross Sales. For purposes of this Agreement, the term “Gross Sales” means all sales, revenues and receipts generated by the Franchised Business, including fees for any and all services Franchisee performs, whether for cash or credit (regardless of collectability) and revenues of every kind related to the Franchised Business, including but not limited to revenues from the sale of food, beverages, merchandise, proprietary products or clothing, delivery and catering not included in the price of menu items, and other services made and rendered in, on, or from the premises of the Franchised Business, or through any other means, including sales outside of the premises, that are in any way related to the Franchised Business, whether for cash, exchange or credit (and regardless of collection in the case of credit), and proceeds of business interruption insurance policies, except that Gross Sales will not include (i) sales use or services taxes collected from customers and actually paid to the appropriate taxing authority or (ii) bona fide refunds given for customer satisfaction purposes.

#### **IV. ACCOUNTING AND RECORDS**

4.1 Maintenance and Retention of Books and Records; Designated Accounting Services. During the Term, Franchisee shall maintain and preserve complete and accurate books, records and accounts in accordance with U.S. Generally Accepted Accounting Principles and in the form and the manner prescribed by Franchisor from time to time in the Manual or otherwise in writing, which may include the use of designated software or web-based platform, standard chart of accounts, and specified reporting period uniformity throughout the franchise system, and Franchisor access to the financial data. Franchisee agrees to elect a fiscal year the same as Franchisor’s fiscal year. During the first twelve (12)



months of operation, Franchisee is required to engage and use the services of an accounting service designated by Franchisor for preparation of financial statements and financial reporting. After the first twelve (12) months of operation, if at any time Franchisee is not in full compliance with the requirements of this Article VI., Franchisor can, by delivery of written notice, require Franchisee to once again engage and use the services of an accounting service designated by Franchisor.

4.2 Royalty Reports; Daily Reports. Franchisee shall submit to Franchisor, no later than the date each monthly royalty payment is due during the Term, a report on forms or in a manner prescribed by Franchisor, accurately reflecting Gross Sales during the preceding month and such other forms, reports, records, financial statements or information as Franchisor may reasonably require in the Manual or otherwise in writing. Franchisor reserves the right to require Franchisee to submit to Franchisor daily flash reports in the form and manner specified by Franchisor. Franchisee must provide Franchisor with full access to Franchisee's point-of-sale system and back of house software to retrieve Gross Sales and other required information relating to the Franchised Business.

4.3 Financial Statements. Franchisee shall, at its expense, submit to Franchisor during the Term of this Agreement, unaudited financial statements for the preceding quarterly period and for the preceding fiscal year ("**Financial Statements**"), together with a certificate executed by Franchisee certifying that such financial statement, as applicable, is true and accurate and such other information in such form as Franchisor may reasonably require. Upon written request from Franchisor, the foregoing Financial Statements shall include both a profit and loss statement and a balance sheet, and shall be prepared in accordance with generally accepted accounting principles. In the event Franchisee defaults under this Agreement, Franchisor may require, upon written notice to Franchisee, that all Financial Statements submitted thereafter include a "Review Report" prepared by an independent Certified Public Accountant (CPA).

4.4 Other Reports. Franchisee shall also submit to Franchisor, for review or auditing, such other forms, financial statements, reports, records, information and data as Franchisor may reasonably designate, in the form and at the times and places reasonably required by Franchisor, upon request and as specified from time to time in the Manual or otherwise in writing. If Franchisee has combined or consolidated financial information relating to the Franchised Business with that of any other business or businesses, including a business licensed by Franchisor, Franchisee shall simultaneously submit to Franchisor, for review or auditing, the forms, reports, records and financial statements (including but not limited to the annual Financial Statements) which contain the detailed financial information relating to the Franchised Business, separate and apart from the financial information of such other businesses.

4.5 Equipment. Franchisee shall record all sales on point-of-sale equipment as required by the Manual or as otherwise approved in writing by Franchisor.

4.6 Franchisor's Right to Audit. Franchisor or its designated agents or auditors shall have the right at all reasonable times to audit, review and examine by any means, including electronically through the use of telecommunications devices or otherwise, at its expense, the books, records, accounts and tax returns of Franchisee. If any such audit, review or examination reveals that Gross Sales have been understated in any report to Franchisor, Franchisee shall immediately pay to Franchisor the royalty fee and Marketing Fund Contribution due with respect to the amount understated, in addition to the Late Payment Charge. If any such understatement exceeds two percent (2%) of Gross Sales as set forth in the report, or if such audit is made necessary by Franchisee's failure to furnish reports, financial statements or other documents or information as herein required, Franchisee shall, in addition, immediately reimburse Franchisor for any and all costs and expenses connected with such audit, review or examination (including but not limited to reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other rights and remedies Franchisor may have under this Agreement or applicable

law.

4.7 Failure to Comply with Reporting Requirements. If Franchisee's records and procedures are insufficient to permit a proper determination of Gross Sales, Franchisor shall have the right to deliver to Franchisee an estimate, made by Franchisor, of Gross Sales for the period under consideration, and Franchisee shall pay to Franchisor any amount determined by Franchisor to be due based on such Gross Sales estimates within five (5) business days of the date of the estimate. Any estimated payments shall be deemed the minimum amount of fees due for the required reports, and Franchisee shall remain liable for all fees in excess of these amounts once the actual Gross Sales related to these reports are determined. Franchisee shall also pay to Franchisor the Late Payment Charge on all unpaid amounts.

4.8 Financial Information from Third Parties. Franchisee authorizes Franchisor to make reasonable inquiries of Franchisee's bank, suppliers, distributor, trade creditors and landlord relating to the Franchised Business, and Franchisee agrees to direct relevant persons and companies to provide to Franchisor this information and copies of documents relating to the Franchised Business as Franchisor may request.

## V. PROPRIETARY MARKS

5.1 Marks. It is understood and agreed that the license granted under this Agreement to use the Marks applies only to use in connection with the operation of the Franchised Business at the Approved Location set forth on Exhibit A, and includes only the Marks as are now designated or which may hereafter be designated, and does not include any other mark, name, or indicia of origin of Franchisor now existing or which may hereafter be adopted or acquired by Franchisor. Franchisee acknowledges that it has not acquired any right, title, or interest in the Marks except for the right to use the Marks in the operation of the Franchised Business in compliance with this Agreement.

5.2 System. Franchisee acknowledges that Franchisor owns and controls the distinctive plan for the establishment, operation, and promotion of a Bonita Bowls Business and all related methods of doing business, previously defined as the System, which include, but are not limited to, Franchisor's standards and specifications for Bonita Bowls Businesses, operational methods, food and preparation methods, products, supplies, equipment, marketing techniques, written promotional materials, advertising, and accounting systems, all of which constitute confidential information and trade secrets of Franchisor, and Franchisee acknowledges that Franchisor has valuable rights in and to this confidential information and trade secrets. Franchisee additionally acknowledges that it has not acquired any right, title, or interest in the System, except for the right to use the System in the operation of the Franchised Business as governed by this Agreement and Franchisee is obligated to maintain the confidentiality of the System in accordance this Agreement. Any improvements in or additions to the System, Franchisor's copyrighted materials, website or any other documents or information pertaining to or relating to the System or the Franchised Business, or any new trade names, trade and service marks, logos, or commercial symbols related to the Franchised Business (collectively, the "**Improvements**") conceived or developed by Franchisee shall become Franchisor's property. Franchisee agrees to assign and does hereby assign to Franchisor, all right, title and interest in and to the Improvements, including but not limited the right to grant sublicenses to any such Improvement. Franchisee shall fully disclose the Improvements to Franchisor, without disclosure of the Improvements to others, and shall obtain Franchisor's written approval prior to using such Improvements. Any such Improvement may be used by Franchisor and all other franchisees of the System without any obligation to Franchisee for royalties or other fees. Franchisor may, at its discretion, apply for and own copyrights, patents, tradenames, trademarks and service marks relating to any such Improvements and Franchisee shall cooperate with Franchisor in securing such rights.

Franchisor may also consider such Improvements as its property and trade secrets. In return, Franchisor shall authorize Franchisee to utilize any Improvement that may be developed by other franchisees and is authorized generally for use by other franchisees. All Improvements created by Franchisee or any other authorized person or entity retained or employed by Franchisee is Franchisor's property, and Franchisor shall be entitled to use and license others to use such Improvements unencumbered by moral rights. If any of the Improvements are copyrightable materials, they shall be works made for hire within the meanings of the United States Copyright Act and, to the extent such copyrighted materials do not automatically accrue or inure to Franchisor, Franchisee irrevocably assigns and agrees to assign to Franchisor, and its successors and assigns, the entire right, title and interest in perpetuity throughout the world in and to any and all rights, including all copyrights and related rights, in such copyrighted materials, which Franchisor and the author of such copyrighted materials warrant and represent as being created by and wholly original with the author. Where applicable, Franchisee agrees to obtain any other assignments of rights in the Improvements from another person or entity necessary to ensure Franchisor's right to the Improvements as required in this Section.

5.3 Conditions and Limitations. With respect to Franchisee's use of the Marks pursuant to this Agreement, Franchisee acknowledges and agrees that:

(a) Franchisee shall not use any of the Marks as part of Franchisee's electronic mail address (except for any e-mail address assigned by Franchisor), or as part of any URL, web page, domain name, locator, link, metatag, or on any sites on the internet or the world wide web;

(b) Franchisee shall use no service mark or trademark other than the "Bonita Bowls" service mark or any other Marks as may be specified by Franchisor for use in the identification, marketing, promotion, or operation of the Franchised Business;

(c) Franchisee shall not hold out or otherwise use the Marks to perform any activity or incur any obligation or indebtedness in such manner as might, in any way, make Franchisor liable therefore, without Franchisor's prior written consent; and

(d) Franchisee shall execute any documents and provide such other assistance deemed necessary by Franchisor or its counsel to obtain protection for the Marks or to maintain the continued validity of the Marks.

5.4 Franchisee's Business Name. Franchisee acknowledges that between Franchisor and Franchisee, Franchisor has a prior and superior claim to the "Bonita Bowls" trade name. Franchisee shall not use the words "Bonita Bowls," or any combination thereof, in the legal name of its corporation, limited liability company, partnership, or any other business entity used in conducting the Franchised Business. Franchisee also agrees not to register or attempt to register a trade name using the words "Bonita Bowls" in Franchisee's name or that of any other person or business entity, without the prior written consent of Franchisor. Franchisee shall not identify itself as being "Bonita Bowls" or as being associated with Franchisor or its Affiliates in any manner other than as a franchisee or licensee. Franchisee shall, in all advertising and promotion and promotional materials, display its business name only in obvious conjunction with the phrase "an independent Bonita Bowls Licensee" or "an independent Bonita Bowls Franchisee" or with other words and in other phrases so as to identify itself as an independent owner of the Franchised Business, or as otherwise may be required in the Manual.

5.5 Signage. Franchisee shall display a standard sign in the Franchised Business, as may be specified by Franchisor, indicating to the public that the Franchised Business is independently owned and operated as a franchisee or licensee of the System.

5.6 Use Outside the Scope of License. Franchisee acknowledges that the use of the Marks outside the scope of this Agreement, without Franchisor's prior written consent, is an infringement of Franchisor's exclusive right to use the Marks. During the Term and after the expiration or termination of this Agreement, Franchisee covenants not to, directly or indirectly, commit an act of infringement or contest or aid in contesting the validity of ownership of the Marks, or take any other action in derogation of Franchisor's ownership of the Mars.

5.7 Mark Infringement. Franchisee shall immediately notify Franchisor in writing of any suspected infringement of, or challenge to, the validity of the ownership of, or Franchisor's right to use, the Marks. Franchisee acknowledges that Franchisor has the right, in its sole discretion, to determine whether any action will be taken on account of any possible infringement or illegal use of the Marks. Franchisor may prosecute the action in Franchisor's own name and may join Franchisee as a party to the action if Franchisor determines it to be reasonably necessary for the continued protection and quality control of the Marks and the System. Franchisor shall bear the reasonable cost of any such action, including attorneys' fees. Franchisee shall fully cooperate with Franchisor in any such litigation.

5.8 Reservation of Rights. Franchisee understands and agrees that its license with respect to the Marks is non-exclusive and that Franchisor has and retains the sole right under this Agreement:

(a) To grant other licenses for the Marks, in addition to those licenses already granted to existing franchisees;

(b) To develop and establish other franchise systems for the same, similar, or different products or services utilizing proprietary marks not now or hereafter designated as part of the System, and to grant licenses thereto, without providing Franchisee any such rights;

(c) To develop and establish other systems for the sale, at wholesale or retail, of similar or different products utilizing the same or similar Marks, without providing Franchisee any such rights; and

(d) As otherwise provided in this Agreement.

5.9 Goodwill. Franchisee acknowledges and expressly agrees that any and all goodwill associated with the System and identified by the Marks used in connection therewith inures directly and exclusively to the benefit of Franchisor and is the property of Franchisor, and that upon the expiration or termination of this Agreement or any other agreement, no monetary amount shall be assigned as attributable to any goodwill associated with any of Franchisee's activities in the operation of the Franchised Business granted herein, or Franchisee's use of the Marks.

5.10 Covenants. Franchisee understands and acknowledges that each and every detail of the System is important to Franchisee, Franchisor and other franchisees in order to develop and maintain high and uniform standards of quality and services, and hence to protect the reputation and goodwill of Bonita Bowls Businesses, Franchisor and the System. Accordingly, Franchisee covenants:

(a) To operate and advertise the Franchised Business, at Franchisee's own expense, under the name "Bonita Bowls," without prefix or suffix;

(b) To adopt and use the Marks licensed under this Agreement solely in the manner prescribed by Franchisor; and

(c) To observe such reasonable requirements with respect to trademark registration notices as Franchisor may from time to time direct in the Manual or otherwise in writing.

5.11 Inspections. In order to preserve the validity and integrity of the Marks and to assure that Franchisee is properly employing the same in the operation of the Franchised Business, Franchisor or its agents shall at all reasonable times have the right to inspect Franchisee's operations, business premises and the Franchised Business and to make periodic evaluations of the services provided and the products sold and used therein. Franchisee shall cooperate with Franchisor's representatives in such inspections and render such assistance to the representatives as may reasonably be requested.

5.12 Change of Marks. If Franchisor, in its sole discretion, shall determine it necessary to modify or discontinue use of any Mark, or to develop additional or substitute marks, Franchisee shall, within a reasonable time after receipt of written notice of a modification or discontinuation from Franchisor, take such action, at Franchisee's sole expense, as may be necessary to comply with the modification, discontinuation, addition or substitution.

5.13 Consents to Use of Marks. Franchisee additionally agrees to execute all additional documents and assurances in connection with the use of the Marks as reasonably requested by Franchisor and agrees to fully cooperate with Franchisor or any other franchise owner or licensee of Franchisor in securing all necessary and required consents of any state agency or legal authority to the use of the Marks or any other name that is or becomes a part of the System.

5.14 Name, Photo/Video and Other Information. Franchisee acknowledges and authorizes Franchisor and its Affiliates to use Franchisee's name, photographs or videos of Franchisee and/or the interior or exterior of the Franchised Business, biographical information on Franchisee, and operational information and data on the Franchised Business in any and all of Franchisor's publications and promotions, including printed and digital publications and on websites. Franchisee agrees and understands that any photograph or video of Franchisee or the Franchised Business will become Franchisor's property and will not be returned. Franchisee agrees and irrevocably authorizes Franchisor to edit, alter, copy, exhibit, publish or distribute any photograph or video of Franchisee for any lawful purpose. Franchisee waives any rights to royalties or any other compensation related to Franchisor's use of any photograph or video of Franchisee or the Franchised Business. Franchisee agrees to hold harmless and forever discharge Franchisor from all claims, demands, and causes of action which Franchisee may have in connection with this authorization.

## **VI. BUSINESS DEVELOPMENT AND OPENING; RELOCATION**

6.1 Ownership of Franchisee. Prior to the opening of the Franchised Business, any individual signing as franchisee shall establish a corporation, limited liability company, general partnership or limited partnership ("Entity"), to own and operate the Franchised Business and shall assign this Agreement to the Entity. Franchisee's owners, shareholders, officers, directors, members, managers and partners (or persons holding comparable positions in non-corporate entities) shall be referred to herein as "Principals". Franchisee must complete and update throughout the Term, as necessary, the "Statement of Ownership" attached as Exhibit D and:

(a) All persons who own any interest in the Entity must guaranty Franchisee's performance under this Agreement by signing the "Guaranty and Assumption of Franchisee's Obligations" attached as Exhibit E;

(b) Franchisee shall provide to Franchisor a resolution signed by all shareholders, directors, members, managers or partners, as appropriate, designating the principal contact for the Entity and Franchisee. This principal contact must be a controlling shareholder, managing member or general partner. This representative shall have the authority to speak for and bind Franchisee in all matters pertaining to this Agreement, and all matters regarding the Franchised Business;

(c) Franchisee shall designate one owner of the entity having an ownership interest of ten percent (10) or more who will be the Managing Owner for the Franchised Business and will devote full-time and best efforts to the management of the Franchised Business. The Managing Owner must successfully complete Franchisor's initial training program. Franchisee shall give Franchisor immediate notice of any change in the Managing Owner and must arrange for the new Managing Owner to attend Franchisor's initial training program. The Managing Owner may also be the designated manager providing the direct on-site supervision of the operation of the Franchised Business ("Designated Manager").

(d) The Entity shall engage in no other business than the operation of the Franchised Business unless Franchisor approves such other business in writing. Franchisor may, in its sole discretion, for any reason, elect to withhold approval;

(e) Franchisee shall furnish to Franchisor, upon execution or any subsequent transfer of this Agreement, a copy of Franchisee's articles of incorporation, articles of organization, bylaws, operating agreement, partnership agreement or equivalent governing document, as applicable, and shall thereafter promptly furnish Franchisor with a copy of any and all amendments or modifications thereto;

(f) Franchisee shall promptly furnish Franchisor, on a regular basis, with certified copies of such Entity records material to the Franchised Business as Franchisor may require from time to time in the Manual or otherwise in writing; and

(g) Franchisee shall maintain transfer restrictions on its records, of any securities with voting rights, subject to the restrictions of this Agreement, and each certificate of Franchisee representing ownership or equity interests in the Entity, shall have conspicuously endorsed upon it the following legend:

The transfer of this *[stock/membership interest/ownership interest]* is subject to the terms and conditions of a Bonita Bowls Franchise Agreement with Bonita Bowls dated \_\_\_\_\_. Reference is made to the provisions of said Franchise Agreement and to the governing documents of *[name of Franchisee Entity]*.

6.2 Site Selection and Approval. If the location is not designated on Exhibit A at the time this Agreement is executed, it is Franchisee's sole responsibility to undertake site selection activities and otherwise secure the premises for the Franchised Business. Prior to entering into a lease for a site, Franchisee must submit to Franchisor a site evaluation form for the proposed site, together with a letter of intent, proposed lease, or other evidence satisfactory to Franchisor which confirms Franchisee's favorable prospects for obtaining the proposed site. Franchisor will provide Franchisee written notice of approval or disapproval of the proposed site within thirty (30) days after receiving Franchisee's written proposal and all required documents. While Franchisor may use its experience in providing any assistance to Franchisee regarding site selection and in approving a site, nothing contained herein shall be interpreted as a guarantee of success for said location. Franchisee must obtain Franchisee's written approval of a proposed site before entering into a lease. Franchisee must have a proposed site approved by Franchisor within one hundred twenty (120) days of the date of execution of this Agreement. Franchisor has the unilateral right (but not the obligation) to terminate the Agreement upon delivery of notice to Franchisee if Franchisee has not obtained Franchisor's written approval of a site for the Franchised Business

within time frames described above.

6.3 Lease of Premises. Any lease for the premises of Bonita Bowls Business must be accepted by Franchisor before it is executed by Franchisee. Franchisor may require that certain terms and provisions be included in the lease. Franchisor's acceptance of the lease shall be conditioned upon the landlord's execution of the Addendum to Lease and Collateral Assignment attached hereto as Exhibit B, or inclusion in the lease similar terms as approved by Franchisor. Once executed, Franchisee will provide Franchisor with an fully signed copy of the complete lease for the premises of Bonita Bowls Business. Franchisee must sign a lease for the premises within sixty (60) days after Franchisor provides written approval of a site for the Franchised Business. Franchisor has the unilateral right (but not the obligation) to terminate the Agreement upon delivery of notice to Franchisee if Franchisee has not signed a lease for the premises of the Franchised Business within time frames described above.

6.4 Premises Development. Prior to obtaining possession of the site for Bonita Bowls Business, Franchisee shall secure all financing required to fully develop Bonita Bowls Business. Promptly after obtaining possession of the site for the Franchised Business, Franchisee will: (i) cause to be prepared and submit for approval by Franchisor a site plan. Franchisor shall then provide basic drawings and specifications, including but not limited to requirements for dimensions, exterior design, materials, interior layout, equipment, fixtures, furniture, signs, and decorating required for the development of the Franchised Business; Franchisee is required to hire a licensed architect approved by Franchisor and have these drawings and specifications modified by the architect, as required, to meet applicable ordinances, building codes or permit requirements (Franchisor must approve any such modifications to the drawings and specifications) and to fit the configuration of the approved site; (ii) obtain all required zoning changes, all required building, utility, health, sanitation and sign permits and any other required permits and licenses; (iii) purchase or lease equipment, fixtures, furniture and signs as hereinafter provided; (iv) complete the construction and/or remodeling, equip, furnish and decorate the Franchised Business in full and strict compliance with plans and specifications approved by Franchisor and all applicable ordinances, building codes and permit requirements; (v) obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services; and (vi) upon completion of construction, furnish Franchisor final costs for the construction, equipment, build-out, deposits, and total development of the Franchised Business. Once the premises of the Franchised Business is established and approved by Franchisor, no changes in the interior or exterior design of the Franchised Business or the equipment or fixtures used within may be made without prior written consent of Franchisor.

6.5 Franchisor Consent to Open. Franchisee shall not commence operation of the Franchised Business until: (1) the Franchisee entity has been established in accordance with Section 6.1 herein; (2) the premises of the Franchised Business has been developed in accordance with Section 6.2 herein; (3) Franchisee's Managing Owner and required Designated Manager(s) have successfully completed the initial training program, Franchisee has hired the necessary staff of employees, and Franchisee has initiated a training program for its employees; (4) Franchisee has obtained all required certifications and license for operating the Franchised Business; (5) Franchisee has furnished Franchisor with copies of all insurance policies required by Article XII of this Agreement, and (6) Franchisee requests and obtains Franchisor's written consent to open for business. Franchisee must have met the foregoing requirements and opened the Franchised Business within two hundred forty (240) days of the date of execution of this Agreement. Franchisor has the unilateral right (but not the obligation) to terminate the Agreement upon delivery of notice to Franchisee if fail to open the Franchised Business with Franchisor's approval within the applicable time periods described above.

6.6 Relocation of Store.

(a) If Franchisee's lease for the premise of the Franchised Business terminates without fault of Franchisee, or expires without any possibility of renewal by Franchisee on commercially reasonable terms as determined by Franchisor, or if in the judgment of Franchisor and Franchisee there is a change in

the character of the location of the Franchised Business sufficiently detrimental to its business potential to warrant its relocation, Franchisor shall grant permission for relocation of the Franchised Business to a location approved by Franchisor. Franchisee may not open a relocated Franchised Business without the on-site presence of Franchisor's representative, unless a waiver is requested in writing by Franchisee and approved in writing by Franchisor. Even if the aforementioned request and approval are granted, Franchisee must obtain Franchisor's written authorization, in its sole discretion, of the specific date that the Franchised Business may open. In the event of relocation, the parties will enter into an agreement which will set forth the new location for Franchisee's Franchised Business and a deadline by which Franchisee must open for business at the new location, after which time Franchisee will be obligated to resume paying the royalty and Marketing Fund Contributions whether or not the new location has opened for business. Until such time that the new location is open for business, the amount of the royalty and Marketing Fund Contribution will be based on the Franchisee's average monthly level of Gross Sales during the one-year period prior to closing the first Franchised Business. Any such relocation shall be at Franchisee's sole expense, and shall not be undertaken without Franchisor's prior written consent. Franchisee shall pay to Franchisor actual costs Franchisor incurs in connection with the relocation.

(b) Franchisor shall also have the right to require Franchisee to upgrade the relocated Franchised Business to conform to Franchisor's then current image, standards, and specifications for construction and equipment for all new Franchised Businesses.

(c) In the event of a relocation of the Franchised Business, Franchisee shall promptly remove from the former Franchised Business premises any and all signs, fixtures, furniture, posters, furnishings, equipment, menus, advertising materials, stationery, supplies, forms and other articles which display any of the Marks and distinctive features or designs associated with the System. Any articles which display any of the Marks or any distinctive features or designs associated with the System which are not used by Franchisee at the new Franchised Business location shall be disposed of by Franchisee as directed by Franchisor following notice to Franchisor to the effect such articles will not be used at the new Franchised Business. Furthermore, Franchisee shall, at Franchisee's expense, immediately make such modifications or alterations as may be necessary to distinguish the former Franchised Business premises so clearly from its former appearance and from other Franchised Business so to prevent any possibility of confusion by the public (including, without limitation, removal of all distinctive physical and structural features identifying Franchised Business and removal of all distinctive signs and emblems). Franchisee shall, at Franchisee's expense, make such specific additional changes as Franchisor may reasonably request for this purpose. If Franchisee fails to initiate immediately or complete such alterations within such period of time as Franchisor deems appropriate, Franchisee agrees that Franchisor or its designated agents may enter the premises of the former Franchised Business and adjacent areas at any time to make such alterations as Franchisor deems appropriate to distinguish Franchisee's former Franchised Business premises, without liability for trespass. Franchisee expressly acknowledges that failure to make such alterations will cause irreparable injury to Franchisor and hereby consents to entry, at Franchisee's expense, of any ex parte order by any court of competent jurisdiction authorizing Franchisor or its agents to take such action, if Franchisor seeks such an order. Compliance with the foregoing shall be a condition subsequent to Franchisor's approval of any relocation request by Franchisee, and in the event complete de-identification of the former Franchised Business premises is not properly and completely undertaken, Franchisor may then revoke its permission for relocation and declare a default under this Agreement.

(d) In the event Franchisee loses possession of the premises Franchised Business for whatever reason prior to the expiration of the term of this Agreement, Franchisee is required to diligently search for a new location and open and operate the Franchised Business as promptly as commercially practicable. In the event Franchisee fails to diligently pursue a new location and open a new Franchised Business, Franchisee shall be liable to Franchisor for Liquidated Damages as provided for herein.



## VII. OPERATING STANDARDS AND MANUAL

7.1 Compliance With Manual. In order to protect the reputation and goodwill of Franchisor and the System and to maintain uniform standards of operation under the System and the Marks, Franchisee shall conduct the Franchised Business in accordance with Franchisor's Manual (together with any other manuals and written materials created or approved for use in the operation of the Franchised Business granted herein, and all amendments and updates thereto, collectively the "**Manual**"), which contains the standards, specifications, procedures and techniques of the System. The Manual shall remain the sole property of Franchisor and must be returned to Franchisor at Franchisor's direction. Franchisee, and if Franchisee is an Entity, its Principals, acknowledge that the contents of the Manual and Franchisee's knowledge of Franchisor's processes, services, products, know-how and the System, are secret, unique, and confidential and contain trade secrets and other material proprietary to Franchisor. Franchisee acknowledges that its entire knowledge of the operation of the Franchised Business is and shall be derived from information disclosed to Franchisee by Franchisor and that certain of the information is proprietary, confidential and a Trade Secret of Franchisor. "**Trade Secrets**" refers to the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures or improvements regarding the Franchised Business or the System that is valuable and secret in the sense that it is not generally known to competitors of Bonita Bowls. Franchisee shall maintain the absolute confidentiality of all Trade Secrets during and after the Term, and shall not use any such information in any other business or in any manner not specifically authorized or approved in writing by Franchisor. Franchisee agrees not to disclose the contents of the Manual to unauthorized persons and to use Franchisee's best efforts to prevent unauthorized disclosure to any person, as this disclosure would cause irreparable harm to Franchisor and the System. Franchisee understands that the Manual is loaned to Franchisee in an online format, and that at all times the Manual remains the sole property of Franchisor. The Manual may be provided in printed or electronic form and Franchisee agrees to return any printed copies of the Manual to Franchisor or destroy any files containing the Manual upon the termination of this Agreement or at times as may otherwise be directed by Franchisor. Franchisee shall not copy or otherwise duplicate the Manual or any other proprietary materials without Franchisor's consent. The Manual may contain both mandatory as well as certain optional or advisory terms, which Franchisor includes as a convenience to Franchisee and to assist in the operation of the Franchised Business as Franchisee deems appropriate in its business judgment. Franchisee must comply with all mandatory specifications, standards, and procedures set forth in the Manual. Franchisor retains the right to modify, change, add to, delete, or supplement the Manual and to specify other systems, procedures or forms in any manner it deems necessary, in its sole discretion, and shall notify Franchisee about changes in writing by mail, electronic mail or postings on Franchisor's intranet system or website on the internet. Upon receipt of notice of changes to the Manual, Franchisee must comply with any such changes that are mandatory.

7.2 Minimum Annual Gross Sales Quota. Unless waived by Franchisor due to unique market conditions, Franchisee must meet a certain Minimum Annual Gross Sales Quota. If Franchisee fails to achieve and maintain annual gross sales of \$300,000 by the end of the 3<sup>rd</sup> anniversary and each succeeding year thereafter, then Franchisor may institute a corrective training program and/or require Franchisee to perform additional local marketing. If Franchisee fails to meet the Minimum Annual Gross Sales Quota for any operating year during the Term of this Agreement, Franchisor, at its sole discretion, may issue Franchisee with a default and provide a cure period of six (6) months for increasing Gross Sales so that Franchisee meets the Minimum Annual Gross Sales Quota for the twelve (12) months prior to the end of the cure period. If Franchisee fails to meet the Minimum Annual Gross Sales Quota after the cure period, then Franchisor may take any one or more of the following actions: (1) terminate Franchisee's Protected Area; (2) reduce the size of Franchisee's Protected Area; or (3) terminate this Agreement upon written notice to Franchisee.

## VIII. TRAINING

8.1 Training Generally. Before Franchisee opens the Franchised Business, and from time to time thereafter, Franchisor will make available to Franchisee various mandatory and optional training programs. Franchisee must timely complete all mandatory training as set forth in this Article VIII. Franchisee acknowledges that, as the owner of its Bonita Bowls Business, Franchisee is responsible for the training of its employees.

8.2 Initial Training. Franchisor will provide initial owner training of approximately seven (7) to ten (10) days to up to 2 Owners (including the Managing Owner), and 1 Designated Manager. The Owner(s) and 1 Designated Manager as required by Franchisor must attend and successfully complete the initial operational training of approximately seven (7) to ten (10) days in duration, although the length of training may change at Franchisor's discretion and dependent upon the prior experience of the attendees. The cost of Initial Training (instruction and required materials) is borne by Franchisor. All other expenses, including travel, meals and lodging and Franchisee's employee wages, are the responsibility of Franchisee. Additional Owners and Designated Managers may attend the initial training program as space is available and for the current tuition fee. The initial training program will be furnished at Franchisor's offices or other locations designated by Franchisor. Franchisee's Managing Owner and Designated Manager must attend and successfully complete the initial operational training program at least 3 weeks prior to opening for business.

If, during the initial training program, Franchisor determines, in its sole discretion, that Franchisee's Managing Owner did not successfully complete the initial training (owner training, and operational training), Franchisee has the right to require the Managing Owner to attend and successfully complete additional training or to require a different owner to be designated as Managing Owner and to attend and successfully complete training, and/or Franchisor has the right to terminate this Agreement, effective upon delivery of written notice thereof to Franchisee. If Franchisee is terminated by Franchisor for failure to successfully complete the initial owner training, Franchisor agrees to refund ten percent (10%) of the initial franchise fee paid upon Franchisee's execution and delivery to Franchisor of a termination agreement and general release of all claims in a form satisfactory to Franchisor.

If during any training program, Franchisor determines, in its sole discretion, that any proposed Designated Manager is not qualified to manage the Franchised Business, Franchisor will notify Franchisee of that determination and Franchisee must then select and enroll a substitute manager in such training program, and such substitute Designated Manager must attend and successfully complete the initial training program. If Franchisee desires to have additional Designated Managers trained by Franchisor, Franchisor will make this opportunity available to Franchisee provided training space is available in a regularly scheduled class. For each such additional Designated Manager, Franchisee will pay the then-current fee for this additional training.

8.3 On-Site Opening Training. One or more of Franchisor's representatives will provide on-site opening training and opening assistance to Franchisee and Franchisee's managers and employees around the time of the opening of the Franchised Business for up four (4) days. Franchisor, in its discretion, will determine when the on-site assistance and training will take place and how long it will last. If Franchisee requests or Franchisor reasonably requires additional on-site opening training, Franchisee shall be responsible for the travel and living expenses incurred by its representatives in providing the on-site opening training.

8.4 Supplemental Education. Franchisor may from time to time provide, and may require, that Franchisee, its owners and/or managers attend and successfully complete supplemental training, seminars, regional franchise meetings or webinars to be conducted at times and locations designated by Franchisor. Franchisor may require attendance at such training, seminars and meetings for up to five (5) days each calendar year. Franchisor may charge a tuition fee for any such training, seminars, meetings or webinars and Franchisee will be responsible for all expenses incurred by Franchisee's owners and/or managers in attending these

programs.

8.5 Conference and Conventions. Franchisor reserves the right to hold and require all franchisees to attend national, regional or local conferences for Bonita Bowls franchisees to discuss updates to products, services, methods, operational standards, policies and procedures, and marketing and advertising. If Franchisor holds such conferences, Franchisee's owner(s) may be required to attend any conference for which Franchisor determines attendance is mandatory, for up to five (5) calendar days per year. Franchisor may charge Franchisee a fee to attend the conference ("Conference Registration Fee"). If Franchisor's owner(s) fail to attend any conference held during the term of this Agreement for which attendance is mandatory, Franchisee remains obligated to pay the Conference Registration Fee. Any costs or expenses associated with Franchisee's owner(s)'s attendance of such conferences will be borne solely by Franchisee.

8.6 Additional Training. Franchisee may request and Franchisor may, in its sole discretion, provide additional initial or ongoing training beyond the amount normally provided to franchisees ("**Additional Training**"). If Franchisor provides such Additional Training, Franchisee shall pay Franchisor its then-current training fees for such Additional Training, plus any travel and living expenses incurred by Franchisor's representative if travel to Franchisee's location is necessary to conduct such Additional Training.

## **IX. DUTIES OF FRANCHISOR**

9.1 Continuing Advisory Assistance. Franchisor will make available to Franchisee such continuing advisory assistance in the operation of the Franchised Business, in person or by electronic or written communications made available from time to time as Franchisor deems advisable.

9.2 Pre-Opening Assistance. Franchisor will provide opening assistance to Franchisee at the Franchised Business, including but not limited to the following:

(a) Provide Franchisee with lists of designated and approved suppliers and other standards and specifications for purchasing initial furniture, fixtures, equipment, products, materials and supplies necessary for commencement of operations and guidance for ordering same;

(b) Provide location research and site selection assistance and guidance, including real estate and demographic analysis, as Franchisor deems advisable, subject to the availability of Franchisor's personnel. However, the selection of a site for the Approved Location is the sole responsibility of Franchisee;

(c) Provide typical floor plans and site build-out specifications for the construction of the Franchised Business; and

(d) Provide training to Franchisee's owners and managerial employees as set forth in Article VIII of this Agreement.

9.3 Standard Plans and Specifications. Franchisor will make available to Franchisee standard plans and specifications to be utilized only in the construction of the Franchised Business. The standard plans and specifications will be initially provided in the Manual. No modification to or deviations from the standard plans and specifications may be made without the written consent of Franchisor. Franchisee shall obtain, at its expense, further qualified architectural and engineering services to prepare surveys, site and foundation plans, and to adapt the standard plans and specifications to applicable local or state laws, regulations or ordinances. Franchisee shall bear the cost of preparing plans containing

deviations or modifications from the standard plans.

9.4 Uniformity; Suppliers. Franchisor will continue its reasonable efforts to assist Bonita Bowls Businesses in maintaining high and uniform standards of quality, cleanliness, appearance and service, to protect and enhance the reputation of the System and the demand for the products and services of the System. Franchisor will establish uniform criteria for approving suppliers and make every reasonable effort to disseminate its standards and specifications to prospective suppliers of Franchisee upon written request of Franchisee. However, Franchisor may elect not to make available to prospective suppliers the standards and specifications for such formulae or equipment designs deemed by Franchisor in its sole discretion to be confidential. Franchisor may conduct periodic inspections of the business premises and evaluations of the products used and sold at the Franchised Business.

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

9.6 Website. Franchisor and its affiliate have developed and maintain a website relating to Bonita Bowls Businesses ("Bonita Bowls Website"). Franchisor and its affiliates may market and sell from Bonita Bowls Website various products and services worldwide that may compete with Franchisee and other franchisees within and outside the Protected Area. Bonita Bowls Website as it may be developed and changed from time to time is Franchisor's sole property or the sole property of its affiliate. Franchisor may provide to Franchisee a page on or linked to Bonita Bowls Website.

9.7 National Accounts. Franchisor may, but is not obligated to, develop various National Accounts under a National Accounts Program, for specific services such as catering. Franchisor, in its sole discretion, shall determine the best method of pursuing, negotiating with and servicing National Accounts, and shall establish the terms for each National Account contract in its sole discretion, based on the needs of the National Account and its customers, Franchisor, the System and the Franchisor's franchisees. A "National Account" as used herein is a business, institution, governmental agency or other person or entity that either itself or through common ownership, association or independent contractors, has multiple locations in a number of geographic areas that fall within multiple franchise territories, has ongoing demands for products and services that in a number of geographic areas or that exceed the capability of any single Franchised Business, and/or prefers a single contact in order to control pricing, billing, customer satisfaction, and/or similar requirements. In order to participate in the National Accounts Program, Franchisee must (i) be and remain in compliance under this Agreement, and (ii) agree to comply with Franchisor's published standards, policies and procedures for participation in the National Accounts Program as they may be modified and supplemented from time to time. Further, in order to provide services to a particular National Account, Franchisee must comply with the requirements of that particular National Account. Franchisee shall have the right to decline participation in the National Accounts Program or with respect to a particular National Account. Regardless of any other provisions of this Agreement, Franchisor grants to Franchisee no territorial rights of any kind whatsoever in connection with the National Accounts Program. Franchisee agrees that Franchisor and third parties designated by Franchisor may solicit prospective National Accounts located within Franchisee's Protected Area in order to develop them as National Accounts. Further, in the event that Franchisee declines to participate in the National Accounts Program, declines to service any National Account location within Franchisee's Protected Area, or are prohibited from providing services to the National Account location within Franchisee's Protected Area pursuant to the standards, policies and procedures of the National Accounts Program or the requirements of a particular National Account, Franchisor, its affiliates or designated agents or other franchisees may provide services at National Account locations or to National Account customers located within Franchisee's Protected Area without violating Franchisee's rights to the Protected Area. Franchisee shall not be entitled to any compensation with respect to services provided to any National Account

location or customer within Franchisee's Protected Area after Franchisee has declined to provide such service or Franchisee is prohibited to provide such services pursuant to the standards, policies and procedures of the National Accounts Program or the contract with any particular National Account. If Franchisor will be providing administrative, billing and/or collection services with respect to any National Account, Franchisor has the right to charge Franchisee a reasonable administrative fee for such services.

## X. DUTIES OF FRANCHISEE

10.1 Maintenance of the Franchised Business. Franchisee understands and acknowledges that every detail of the System is important to Franchisor, Franchisee and other franchisees so as to develop and maintain high and uniform operating standards, to increase the demand for Bonita Bowls products and services and to protect the reputation and goodwill of Franchisor, the System and the Marks. Accordingly, Franchisee agrees that:

(a) Franchisee shall maintain, at all times during the Term, at Franchisee's expense, the premises of the Franchised Business and all fixtures, furnishings, signs, systems and equipment, in conformity with Franchisor's high standards and public image and to make such additions, alterations, improvements, repairs, and replacements (but no others, without Franchisor's prior written consent) as may be required by Franchisor from time to time, including but not limited to the following, at Franchisee's sole cost and expense:

i. To keep the Franchised Business in the highest degree of cleanliness, sanitation and repair, including but not limited to such periodic repainting, repairs or replacement of damaged or obsolete, furniture, fixtures and equipment, and replacement of obsolete signs, as Franchisor may reasonably direct;

ii. To meet and maintain the highest governmental standards and ratings applicable to the operation of the Franchised Business; and

iii. To complete a full reimaging, renovation, refurbish and modernization of the Franchised Business, within the time frame required by Franchisor, including the building design, parking lot, landscaping, equipment, point of sale system, signs, interior and exterior decor items, fixtures, furnishings, trade dress, color scheme, presentation of trademarks and service marks, supplies and other products and materials, to meet the then-current design criteria for Bonita Bowls Businesses, including but not limited to such structural changes, remodeling and redecoration and such modifications to existing improvements as may be necessary to do so (a "**Franchised Business Renovation**"). Franchisee shall not be required to perform a Franchised Business Renovation (i) if there is less than one year remaining in the Term or (ii) more than once every five (5) years. Nothing herein shall be deemed to limit Franchisee's other obligations during the Term to operate the Franchised Business in accordance with Franchisor's standards and specifications for the System including but not limited to the obligations set forth in this Article X.

10.2 System Compliance. Franchisee shall operate the Franchised Business in strict conformity with such uniform methods, standards and specifications as Franchisor may from time to time prescribe in the Manual or otherwise in writing to insure that the highest degree of quality, service and cleanliness is uniformly maintained, and Franchisee shall refrain from any deviation from such methods, standards and specifications, and shall refrain from otherwise operating in any manner which reflects adversely on Franchisor's name and goodwill or on the Marks or the System. In connection therewith, Franchisee agrees as follows:

(a) To maintain in sufficient supply, and use at all times, only such ingredients,

products, materials, supplies, and paper goods that conform to Franchisor's standards and specifications, and to refrain from deviating from such standards and specifications by using nonconforming items, without Franchisor's prior written consent, which Franchisor may withhold in its sole discretion;

(b) To sell or offer for sale only such products and menu items that have been expressly approved for sale in writing by Franchisor, and that meet Franchisor's uniform standards of quality and quantity and have been prepared in accordance with Franchisor's methods and techniques for product preparation, including Franchisor's recipes, cooking techniques and processes as designated in the Manual. Franchisee shall not alter, dilute, substitute, or otherwise change the quality or composition of any ingredients and materials. Franchisee acknowledges that such recipes, cooking techniques and processes are integral to the System and failure to adhere to such recipes, cooking techniques and processes (including the handling and storage of both ingredients and fully prepared menu items) shall be detrimental to the System and Marks;

(c) To sell or offer for sale the minimum menu items specified in the Manual or otherwise in writing;

(d) To refrain from any deviation from Franchisor's standards and specifications for preparing, serving or selling the menu items, without Franchisor's prior written consent, which Franchisor may withhold in its sole discretion;

(e) Upon thirty (30) days' written notice from Franchisor, to sell or offer for sale only such food products or beverages produced by Franchisor's designated food or beverage suppliers in accordance with Section 10.3 below, and to discontinue selling or offering for sale such items as Franchisor may, in its discretion, disapprove in writing at any time in its sole discretion;

(f) To use the premises of the Franchised Business solely for the purpose of conducting the Franchised Business, and to conduct no other business or activity from the premises, whether for profit or otherwise, without Franchisor's prior written consent, which Franchisor may withhold in its sole discretion;

(g) To keep the Franchised Business open and in normal operation during such business hours as Franchisor may prescribe from time to time in the Manual or otherwise in writing;

(h) To permit Franchisor or its agents, at any time during ordinary business hours, to remove from the Franchised Business samples of any ingredients, products, materials, supplies and paper goods used in the operation of the Franchised Business, without payment, in amounts reasonably necessary for testing by Franchisor or an independent laboratory to determine whether such samples meet Franchisor's then-current standards and specifications. In addition to any other remedies Franchisor may have under this Agreement, Franchisor may require Franchisee to bear the cost of such testing if any such ingredient, products, materials, supplier or paper goods have been obtained from a supplier not approved by Franchisor, or if the sample fails to conform to Franchisor's specifications;

(i) To purchase, install and construct, at Franchisee's expense, all improvements, furniture, fixtures, equipment and signage specified in the approved standard plans and specifications, and such other furnishings, fixtures, equipment and signage as Franchisor may direct from time to time in the Manual or otherwise in writing, and to refrain from installing or permitting to be installed on or about the premises of the Franchised Business, without Franchisor's written consent, any improvements, furniture, fixtures, equipment or signage not first approved in writing by Franchisor in its sole discretion;

(j) To comply with and obey all applicable civil and criminal laws, ordinances, rules, regulations, rulings and orders of public authorities of every nature which in any way regulate or affect the operation of the Franchised Business including but not limited to obtaining all required food handling and other permits, certificates, business licenses, health department approvals and similar items;

(k) To pay promptly all taxes and business expenses; and

(l) To comply with all laws, ordinances, rules and regulations, rulings and orders of public authorities covering occupational hazards, accommodations for the disabled and equal access laws including but not limited to the Americans with Disabilities Act, workers' compensation insurance, and unemployment insurance.

10.3 Purchase of Products and Services; Designated and Approved Suppliers. The reputation and goodwill of Bonita Bowls Businesses is based on, and can be maintained only by, the provision and sale of high-quality services and products and the provision, presentation and packaging of those services and products in an efficient and appealing manner. Franchisor has developed standards and specifications for various services, products, furniture, fixtures, signs, equipment and supplies incorporated in or used in connection with the services and products authorized for sale at Bonita Bowls Businesses. Franchisor has also developed standards and specifications for suppliers of certain of the above products and services, including standards and requirements relating to product quality, prices, consistency, safety, reliability, financial capability, and customer relations. Franchisor will provide Franchisee with a list of designated and approved suppliers. Franchisee must purchase all fixtures, furniture, signs, equipment, and other equipment, materials, products and supplies, and certain services, including but not limited to design services, architectural services, courier and distribution services from distributors and suppliers that Franchisor has designated or approved (which may include Franchisor or its affiliates) and/or that conform to Franchisor's specifications and standards.

If Franchisor or an affiliate is a designated or an approved supplier, Franchisor has the right to make a profit on the sale of products or services to its franchisees. Franchisor reserves the right to receive rebates from any suppliers Franchisor has designated or approved.

Franchisor may approve a single distributor or supplier for any product or service and may approve a supplier only as to certain products or services. Franchisor may concentrate purchases with one or more suppliers to obtain lower prices or the best advertising support or services for any group of Bonita Bowls Businesses franchised or operated by Franchisor or an affiliate. Franchisor may, if it chooses, take advantage of discounts offered by a supplier in connection with the acquisition of large quantities of products and resell these products at a profit to franchisees. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending Franchisor's continued evaluation of the supplier from time to time.

Franchisor may from time to time modify the list of designated suppliers, list of approved suppliers and list of approved products, furniture, fixtures, signs, and other equipment, materials and supplies, and Franchisee may not, after receiving written notice of modification of the lists, reorder any such items that are no longer approved or reorder from a supplier that is no longer approved. If Franchisee would like to purchase any of the foregoing items of any brand, type or supplier which is not them approved, Franchisee must submit to Franchisor a written request for approval of the proposed product or supplier and such other information as Franchisor requires. Franchisor has the right to inspect the proposed supplier's facilities, and to require product samples from the proposed supplier to be delivered, at Franchisor's option, either directly to Franchisor or to any independent, certified entity which Franchisor designates for testing. Franchisor reserves the right to charge Franchisee for supplier approval, not to exceed the actual costs or inspection and actual costs of testing.

Franchisor reserves the right to periodically re-inspect the facilities and products of any approved supplier and to revoke Franchisor's approval if the supplier does not continue to meet any of Franchisor's criteria. Franchisor will, within sixty (60) days of Franchisor's receipt of Franchisee's written request for approval (subject to the timely cooperation of the proposed supplier), notify Franchisee of whether or not the proposed product and/or supplier is approved.

Franchisee must use only signs, promotional supplies, branded merchandise, cups, boxes, bags, napkins, wrappers and other packaging, and any other items imprinted with the Marks ("Trademarked Products") as Franchisor prescribes from time to time. Franchisee must purchase the imprinted items only from designated suppliers licensed by Franchisor to duplicate the Marks on such items.

Franchisee will at all times maintain an inventory of approved products, materials and supplies in sufficient quantity and variety to realize the full potential of Bonita Bowls Business.

10.4 Proprietary Products. In order to protect Franchisor's trade secrets and to monitor the manufacture, packaging, processing and sale of proprietary products ("Proprietary Products"), Franchisor or an affiliate shall (i) manufacture, supply, and sell Proprietary Products to its franchisees, and/or (ii) disclose the formulae for and methods and preparation of the Proprietary Products to a limited number of suppliers who shall be authorized by Franchisor to manufacture Proprietary Products to Franchisor's precise specifications and sell Proprietary Products to its franchisees. Franchisee acknowledges that Franchisee may be required to purchase and use Proprietary Products from Franchisor or a limited number of suppliers so authorized by Franchisor in the operation of Bonita Bowls and that Franchisee shall be required to maintain a sufficient inventory of the Proprietary Products as specified by Franchisor for Bonita Bowls Businesses. Franchisor and/or its affiliates may profit from the sale of Proprietary Products to franchisees.

10.5 Advertising Standards; Approval Procedures. All local advertising by Franchisee shall be in such media and of such type and format as Franchisor may approve in its sole discretion, shall be conducted in a dignified manner and shall conform to such standards and requirements as Franchisor may specify from time to time. Franchisee shall not use any advertising or promotional plans or materials unless and until Franchisee has received written approval from Franchisor, pursuant to the procedures and terms set forth in this Section. All advertising and promotional plans proposed to be used by Franchisee, except such plans and materials that have been previously approved by Franchisor, shall be submitted to Franchisor for Franchisor's written approval (except with respect to prices to be charged) prior to any use thereof. Franchisor shall endeavor to complete its review of Franchisee's proposed advertising and promotional plans within thirty (30) days after Franchisor receives such plans. If written approval is not received by Franchisee from Franchisor within thirty (30) days after receipt by Franchisor of such plans, Franchisor shall be deemed to have disapproved such plans. Franchisee agrees to cooperate with Franchisor in displaying Franchisor's franchising information within the premises of the Franchised Business or on local advertising used by Franchisee and Franchisee will not be entitled to any compensation for displaying any such information at Franchisor's request.

10.6 Delegation of Operating or Managing Duties. If at any time Franchisee proposes for the Franchised Business to be operated or managed by an Entity or individual other than Franchisee, Franchisor reserves the right to review and approve the operating or managing entity or individual and to require and approve an operating or management agreement prior to such party's assumption of operations. Franchisor may, in its sole discretion, reject the operating entity, the individual operator or the operating or management agreement. If approved by Franchisor, the operating entity and/or individual shall agree in writing to attend all training required by Franchisor and to comply with all of Franchisee's obligations under this Agreement as though such party were the franchisee designated therein, on such form as may be designated by Franchisor. The operation of the Franchised Business



by any party other than Franchisee, without Franchisor's prior written consent, shall be deemed a material default of this Agreement for which Franchisor may terminate this Agreement pursuant to the provisions of Article XVI.

10.7 Staffing. Franchisee agrees to staff the Franchised Business with the number of managers, assistant managers and employees sufficient to operate the Franchised Business in compliance with this Agreement and the standards and specifications in the Manual and to provide proper customer service during all hours of operation. Franchisee shall hire all employees of the Franchised Business, be exclusively responsible for complying with all employment laws and for all employment decisions and functions related to the operation of the Franchised Business, including hiring, firing, compensation, benefits, work hours, work rules, recordkeeping, supervision and discipline of employees. Franchisee shall implement a training program for said employees in compliance with Franchisor's requirements. Franchisee and Franchisor acknowledge that the employees of the Franchised Business are employees of Franchisee and not employees of Franchisor, that they should not be held out to third parties to be employees of Franchisor, and that Franchisee has the sole right to control employment and personnel policies and the day-to-day operations of the Franchised Business. Franchisee shall notify and communicate clearly with its employees in all dealings, including without limitation, employment applications, written and electronic correspondence, paychecks, employee handbooks, employment policies and procedures, and other written materials that Franchisee (and only Franchisee) is their employer and that Franchisor is not their employer.

10.8 Catering and Delivery Services. Franchisee shall offer and sell the following services in accordance with Franchisor's current standards, specifications and procedures as set forth in the Manual or otherwise in writing.

(a) Franchisee shall offer catering services to customers from the Franchised Business. In providing catering services, Franchisee shall (i) comply with all applicable health, sanitation, food handling, and food transportation requirements in connection with offering catering services, and (ii) shall purchase and maintain such vehicles, equipment and supplies necessary to offer catering services in compliance with Franchisor's standards, specifications and procedures. Franchisee shall restrict such activities to the geographic area that Franchisor designates, which geographic area may differ from the Protected Area and may be adjusted by Franchisor from time to time in its discretion. Franchisor shall have the right to revoke Franchisee's right to offer and sell catering services if Franchisor determines in its sole discretion that Franchisee is not maintaining Franchisor's standards, specifications and procedures for catering or not complying with all applicable health, sanitation, food handling, and food transportation requirements, or if Franchisor determines in its sole discretion that offering such additional services is having an adverse impact on the quality of the operation of the Franchised Business.

(b) Franchisee shall offer delivery to customers through Third Party Delivery Services unless such services are not available in Franchisee's market. A "Third Party Delivery Service" as used herein shall mean a company or business through which customers purchase menu items from the Franchised Business, that delivers said menu items to the customer at a location other than the Franchised Business, and which typically charges the Franchisee a fee for this service which may be automatically deducted from the funds that are collected from the customer prior to disbursement of the funds by the Third Party Delivery Service to the Franchisee. Current examples of Third Party Delivery Services include, but are not limited to GrubHub, DoorDash, UberEats, ezCater. Franchisee shall, within seven (7) days of selling any menu items for the first time through a Third Party Delivery Service company, inform Franchisor in writing of the name of said company, and furnish Franchisor with access information to the websites of any Third Party Delivery Service being used in order to enable Franchisor to verify Franchisee's Gross Sales from all sources. This obligation shall apply to each Third Party Delivery Service company that submits an order to Franchisee's Store for the first time. Franchisor reserves the right to approve or disapprove any particular Third Party Delivery Service based on whether the service provided by the Third Party Delivery Service meets

Franchisor's specifications and standards. Franchisee may be required to obtain and use software and/or applications required by Franchisor for the use of Third Party Delivery Services.

10.9 Computer/Point-of-Sale System Requirements. (a) Franchisee shall be required to purchase and use a point-of sale system, computer system and/or web-based platforms, including a customer order processing and inventory control system and/or cash register and credit/debit card system as specified by Franchisor in the Manual or otherwise in writing, and pay all associated fees. Franchisee is responsible for becoming proficient in the use of any required point-of-sale, computer systems and/or web-based platforms and software. Franchisor shall have the right to access, for any purpose or use related to the operation, management and/or monitoring of the System, any information or reports generated or stored by the required point-of-sale system, computer systems and/or web-based platform. Franchisor shall have the right to require Franchisee to replace any of the components of Franchisee's point-of-sale and/or computer systems if Franchisee deems the component to be (a) undersized or otherwise insufficient of the efficient operation and management of the Franchised Business, or (b) incompatible with Franchisor's computer system or the computer system that Franchisor designates for the franchise network use. Throughout the term of this Agreement, Franchisee shall be responsible for maintaining and upgrading as necessary all point-of-sale and/or computer hardware and software required to be used in the operation of the Franchised Business and shall be solely responsible for any and all consequences of not doing so.

(b) If Franchisor develops and custom designs a software program and hardware system for conducting accounting, inventory, point-of-sale or marketing functions and/or other activities related to the Franchised Business (hereinafter "Software Program"), Franchisee agrees to implement the Software Program into the Franchised Business, and to comply with all specifications and standards prescribed by Franchisor regarding the Software Program as provided from time to time in the Manual. At such time as Franchisor requires the implementation of such Software Program, Franchisee shall only utilize the Software Program as prescribed by Franchisor. At such time as Franchisor requires the implementation of such Software Program, Franchisee shall be required to purchase, lease or license the designated Software Program, to purchase or lease specified computer hardware compatible with the Software Program requirements and contract for on-going service, maintenance and support for such hardware and Software Program at terms designated by Franchisor or its suppliers.

(c) Throughout the term of this Agreement, Franchisee must maintain an active e-mail account and use the e-mail address provided by Franchisor for promoting and operating the Franchised Business and for communicating with Franchisor. Franchisee must have and maintain high-speed access to the Internet for promoting and operating the Franchised Business and for communicating with and receiving information from Franchisor in the manner Franchisor designates, including but not limited to system-wide area computer networks, intranet system or extranet system. Franchisee shall use any system-wide computer network or intranet or extranet system in compliance with the Manual.

(d) Franchisee shall be solely responsible for protecting Franchisee's point-of-sale and computer systems from viruses, computer hackers and other computer-related and technology-related problems, and Franchisee releases Franchisor from all claims it may have as result of viruses, hackers or other computer-related or technology-related problems.

(e) Franchisee shall make arrangements for and accept payments systems which Franchisee designates from time to time, as part of the operation of the Franchised Business, including but not limited to credit card payments through Visa, MasterCard, and other credit card and debit card issuers and sponsors, check verification services, electronic funds transfer systems, mobile payment systems, and system-wide gift card programs. Franchisee's point-of-sale system and related payment processing systems must be compliant with current Payment Card Industry Data Security standards, all applicable data privacy laws, and any procedures required by the Manual to prevent credit card fraud. Franchisee shall defend at its

own cost and indemnify and hold harmless Franchisor, its shareholders, directors, officers, employees and agents, from and against any and all loss, costs, expenses (including attorneys' fees), taxes, damages and liabilities, however caused, resulting directly or indirectly from Franchisee's failure to comply with Payment Credit Industry Data Security Standards or data privacy laws.

10.10 Gift Cards/Loyalty Programs. Franchisee agrees:

- (a) to offer for sale gift cards and/or the loyalty program, which must be in the form and version designated by Franchisor ("Official Gift Card/Loyalty Program"), as it may be amended from time to time;
- (b) not to offer for sale or give away any form of Gift Card or Loyalty Program other than the Official Gift Card/Loyalty Program;
- (c) not to create Franchisee's own Gift Card or Loyalty Program;
- (d) to accept and honor the Official Gift Card/Loyalty Program in exchange for product when presented for redemption at Franchisee's Store;
- (e) to obtain and maintain whatever is the currently designated equipment and/or software necessary to process the authorized Gift Cards/Loyalty Program, which may be through a Mobile Application; and
- (f) to comply with any policy promulgated by Franchisor regarding changes to the form and use of Gift Card/Loyalty Program, including transition periods for the phasing in of modifications to the Official Gift Card/Loyalty Program.

10.11 Appearance, Customer Service and Customer Reimbursement. Franchisee, its managers, employees and agents shall (i) maintain a clean and attractive appearance, including wearing uniforms required by Franchisor for brand recognition, (ii) give prompt, courteous, and efficient service to the public and (iii) otherwise operate the Franchised Business in strict compliance with the policies, practices, and procedures set forth in this Agreement and contained in the Manual, in order to preserve, maintain and enhance the reputation and goodwill of the System. Franchisee may not alter, change, or modify the System, the Franchised Business, the products, supplies or equipment in any way without the prior written consent and approval of Franchisor, which Franchisor may withhold in its sole discretion. Franchisor reserves the right to establish maximum resale prices for use with multi-area marketing programs and special price promotions. If Franchisor is contacted by a customer or other patron of the Franchised Business who wishes to lodge a complaint, Franchisor reserves the right to address the complaint in order to preserve goodwill and prevent damage to the brand. Franchisor's right to address complaints may include refunding money to the complaining customer in Franchisor's sole discretion, in which case Franchisee will reimburse Franchisor for all such amounts.

10.12 Protection of Brand. Franchisee agrees to the following acknowledging that Franchisor must protect the brand and image of all Bonita Bowls Businesses for the protection of Franchisor's Marks and the franchise system:

- (a) Food Borne Illness and other Public Health or Safety Issues. Franchisor has the right to require Franchisee to close its Franchised Business if Franchisor determines that Franchisee's Franchised Business has deficiencies relating to food safety and cleanliness or other public health and safety issues. Franchisee may not reopen the Franchised Business until Franchisor has re-inspected the Franchised Business and determined that it meets Franchisor's standards. In the event of an outbreak of a food borne

illness, or any other public health or safety issue that potentially could negatively impact Franchisor's Marks and brand, Franchisee must immediately notify Franchisor of such event, but no later than the next day following the occurrence. Further, Franchisee is strictly prohibited from speaking or communicating with the media in the event of an outbreak of a food borne illness or any other public health or safety issue, whether at Franchisee's Franchised Business or at any other Bonita Bowls Business. Franchisor has the right to be the sole spokesperson on these issues.

(b) Restrictions Against Potentially Offensive Items. Franchisee is prohibited from displaying in the Franchised Business, or allowing any employees to wear, items that are potentially offensive to customers or other employees. By way of example only and not limiting the scope or applicability of this provision, such items include those that express any religious, political, or personal views. The Franchisor's determination in this regard shall be final.

(c) Anti-Discrimination. Franchisee shall not discriminate against any employees or against any customers (in the products or services that Franchisee provides or by refusing to provide products or services) on the basis of race, color, religion, age, sex, sexual orientation, gender identity, marital status, national origin, disability, or other protected status. Franchisee will further comply with any anti-discrimination policies in the Manual.

10.13 Technology Use and Restrictions. (a) the terms website, Social Media, Mobile Application and Digital Marketing are defined as follows for purposes of this Agreement:

- (i) Website. As used in this Agreement, a "website" is a collection of related web pages, including multimedia content, which is accessible via the Internet, that Franchisor operates or authorizes others to operate and that refers to Bonita Bowls Businesses, the Marks, Franchisor and/or the System.
- (ii) Social Media. As used in this Agreement, the phrase "Social Media" means interactive computer-mediated technologies that facilitate the creation and sharing of information, ideas, interests and other forms of expression via virtual communities and networks, such as Tik Tok, Facebook, You Tube, LinkedIn, Twitter, Instagram, Pinterest, blogs, or other similar communication methods.
- (iii) Mobile Application. As used in this Agreement, a "Mobile Application" or Mobile App is a software application designed for use on mobile devices, such as smartphones and tablets, rather than desktop or laptop computers.
- (iv) Digital Marketing. As used in this Agreement, "Digital Marketing" means the integrated marketing services used to attract, engage and convert customers online. Digital Marketing utilizes multiple channels such as content marketing, influencer marketing, SEO, social media and online advertising to help brands connect with customers.

(b) In connection with any Website, Social Media and/or Digital Marketing, Franchisee agrees as follows:

- (i) Franchisee is strictly prohibited from establishing or maintaining any Websites, Social Media accounts or domain names which incorporate any of the Marks, name or initials into its web address. Franchisee is prohibited from establishing websites or domain names linking to Franchisor's websites without the prior written authorization of Franchisor.

- (ii) Franchisor will have the sole right to create, establish, own, and control Bonita Bowls Website and any page for Franchisee's Franchised Business linked to Bonita Bowls Website.
- (iii) Franchisor will have the sole right to create, establish, own, and monitor all Social Media postings for Franchisee's Franchised Business. Franchisee may participate in the content and maintenance of Social Media for Franchisee's Franchised Business, only in accordance with Franchisor's guidelines, specifications, standards, policies and procedures on Social Media that Franchisor may issue from time to time in the Manual or otherwise, and subject to Franchisor's right to alter or delete postings made by Franchisee.
- (iv) Franchisor will have the sole right to control all aspects of Digital Marketing, including those related to Franchisee's Franchised Business. Unless Franchisor consents otherwise in writing, Franchisee may not, directly or indirectly, conduct or be involved in any Digital Marketing that uses the Marks or is related to Franchisee's Franchised Business. If Franchisor does give Franchisee written consent to conduct any Digital Marketing, Franchisee must do so in compliance with Franchisor's guidelines, specifications, standards, policies or procedures on Digital Marketing that Franchisor may issue from time to time in the Manual or otherwise in writing.

(c) Franchisor will have the sole right to develop Mobile Applications using the Marks and relating to the operation of the Franchised Business. Franchisor may require that Franchisee participate and use any Mobile Applications designated by Franchisor and must do so in compliance with Franchisor's guidelines, specifications, standards, policies or procedures on Mobile Applications that Franchisor may issue from time to time in the Manual or otherwise in writing.

10.14 Quality Assurance Audits. Franchisee shall grant to Franchisor, its representatives and third party vendors designated by Franchisor the right to enter upon the premises of the Franchised Business at any time during ordinary business hours and without advance notice for the purpose of conducting inspections of the Franchisee's Bonita Bowls Business and its operations. Franchisee shall cooperate with Franchisor's representatives or vendors and permit them to (1) inspect the premises and the equipment; (2) observe the operations of the Franchised Business for such consecutive or intermittent periods as they deem necessary, including the taking of photos and/or videos; (3) interview employees of the Franchisee; (4) interview customers of Bonita Bowls Business; and (5) to select inventory items, products, materials and supplies for testing and evaluation. Without limiting Franchisor's other rights under this Agreement, Franchisor may require Franchisee to take such steps as may be necessary immediately to correct the deficiencies detected during any such inspection, including but not limited to immediately desisting from the further use of any practice or procedure, equipment or supplies, products or preparation methods, promotional materials, or other items or services that do not conform with Franchisor's then-current specifications, standards or requirements. If Franchisor retains a third party service to conduct such Quality Assurance Audits, Franchisee shall be responsible for the cost of the audits up to Four Hundred Fifty Dollars (\$450.00) per calendar quarter. The costs may be paid by Franchisee to Franchisor or directly to a third party supplier as Franchisor directs.

## **XI. MARKETING**

11.1 Marketing Fund. Franchisor administers a national marketing fund ("Marketing Fund"). Franchisee's required contributions to the Marketing Fund is set forth in Section 3.3 of this Agreement.

Franchisor will be entitled to direct all advertising, marketing and promotional programs financed by the Marketing Fund, with sole discretion over the creative concepts, materials, and endorsements used in them,

and the geographic, market, and media placement and allocation of the programs. Franchisee agrees that the Marketing Fund may be used to pay the costs of preparing and producing video, audio, digital and written advertising materials; administering national, regional or local advertising programs including, without limitation, direct mail and other media advertising, and employing advertising agencies to assist in those activities; establishing and maintaining Bonita Bowls Website; internet-based advertising and marketing programs, developing and maintaining other presence on the Internet, including reputation management and system-wide online programs for customer ordering and loyalty rewards program; intranet development supporting public relations; market research and marketing activities; providing advertising, marketing and promotional materials to Bonita Bowls Businesses; and any and all other activities for the purpose of promoting the Marks and Bonita Bowls Businesses. The Marketing Fund will furnish Franchisee with approved advertising, marketing and promotional materials at its direct cost of producing those materials.

The Marketing Fund will be a separate and distinct account and will be accounted for separately from the other funds of the Franchisor and will not be used to defray any of Franchisor's general operating expenses, except for any reasonable salaries, administrative costs and overhead Franchisor may incur in activities reasonably related to the administration of the Marketing Fund and its advertising, marketing and promotional programs (including, without limitation, conducting market research, preparing advertising, marketing and promotional materials, and collecting and accounting for contributions to the Marketing Fund). Franchisor may spend in any fiscal year an amount greater or less than the total contribution of Bonita Bowls Businesses to the Marketing Fund in that year. Franchisor may cause the Marketing Fund to borrow from Franchisor or other lenders to cover deficits of the Marketing Fund or cause the Marketing Fund to invest any surplus for future use by the Marketing Fund. All interest earned on monies contributed to the Marketing Fund will be used to pay advertising, marketing and promotional costs of the Marketing Fund before other assets of the Marketing Fund are expended. Franchisor will prepare an annual statement of monies collected and costs incurred by the Marketing Fund and will furnish it to Franchisee on written request.

Franchisee understands and acknowledges that the Marketing Fund is intended to maximize recognition of the Marks and patronage of Bonita Bowls Businesses. Although Franchisor will endeavor to use the Marketing Fund to develop advertising, marketing and promotional materials, and to place advertising in a manner that will benefit all Bonita Bowls Businesses, Franchisor undertakes no obligation to ensure that expenditures by the Marketing Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Marketing Fund by Bonita Bowls Businesses operating in that geographic area or that any Bonita Bowls Business will benefit directly or in proportion to its contribution to the Marketing Fund from the development of advertising, marketing and promotional materials or the placement of advertising. Except as expressly provided in this Section 11.1, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction, or administration of the Marketing Fund.

Franchisor reserves the right, in its sole discretion, to terminate, discontinue, or reestablish the Marketing Fund upon sixty (60) days' notice to Franchisee. All unspent monies on the date of termination or discontinuance shall be distributed to franchisees of Franchisor in proportion to their respective contributions made to the Marketing Fund during the previous twelve (12) month period. Franchisor shall have the right to reinstate the Marketing Fund upon the same terms and conditions herein set forth upon sixty (60) days' prior written notice to Franchisee.

11.2 Local Advertising. Beginning on the date of opening of the Franchised Business, in addition to the requirement for Franchisee to contribute to the Marketing Fund, each month Franchisee must spend a minimum of One Thousand Five Hundred Dollars (\$1,500.00) on local advertising, marketing and promotion. Such expenditures will be made directly by Franchisee, subject to Franchisor's approval and direction. At Franchisor's request, Franchisee must furnish to Franchisor in a manner approved by Franchisor an accurate accounting of Franchisee's local advertising and marketing expenditures for each month.

11.3 Grand Opening Advertising and Marketing. Within the thirty (30) days preceding the opening of the Franchised Business and the fourteen (14) days following the opening of the Franchised

Business, Franchisee must spend on conducting an advertising and marketing campaign to promote the grand opening of the Franchised Business a minimum of Two Thousand Dollars (\$2,000.00). Grand opening monies will be spent on social media, print, radio, digital advertising and/or other advertising or promotions that Franchisor and Franchisee agree is best suited for Franchisee's grand opening campaign. The grand opening advertising and marketing shall be conducted in accordance with the Manual and/or other written guidelines Franchisor may issue on initial advertising and promotion.

11.4 Co-operative Advertising. Franchisee shall join and participate in any local advertising co-operative which has been or may be formed consisting of franchisees and/or Franchisor-owned or Affiliate-owned Bonita Bowls Businesses in Franchisee's area or region. Franchisee agrees to contribute to the cooperative in the amount and manner agreed upon by a majority of the members of the cooperative. Each of Bonita Bowls Businesses in the cooperative, whether franchised or company-owned or affiliate-owned, shall have one vote in the cooperative. Franchisor assumes no direct or indirect liability or obligation to Franchisee or to any local co-operative with respect to the maintenance, direction, or administration of the cooperative, including without limitation, any failure by any franchisees to make any contributions to the cooperative.

11.5 Marketing Review. Franchisee shall submit to Franchisor, for Franchisor's approval (except with respect to pricing), samples of all advertising and promotional plans and materials (including, but not limited to, signs and vehicles), and all other materials displaying the Marks that Franchisee desires to use and that have not been prepared or previously reviewed by Franchisor prior to its use. Unless Franchisee receives a written objection from Franchisor of such plans materials within fifteen (15) days after the date the Franchisor received such plans and materials, Franchisor shall be deemed to have given approval. Franchisee shall display the Marks in the manner prescribed by Franchisor on all signs and all other advertising and promotional materials used in connection with the Franchised Business.

11.6 Technology Fund. Franchisor reserves the right to administer a technology fund ("Technology Fund"). Franchisee's required contributions to the Technology Fund is set forth in Section 3.5 of this Agreement.

Franchisor shall be entitled to direct all technology research and development programs financed by the Technology Fund, with sole discretion over the creative concepts, materials, and endorsements used in them, and the allocation of the programs. Franchisee agrees that the Technology Fund may be used to pay the costs of research, development, implementation, and support of new technology, as well as the modifications and updates of existing technology, including, but not limited to, platforms such as hosting, integration development, server infrastructure, application, and software development and support. The Technology Fund will furnish Franchisee with approved technology and support on the same terms and conditions as such technology and support are furnished to other Bonita Bowls franchisees.

The Technology Fund will be a separate and distinct account, and will be accounted for separately from the other funds of Franchisor and will not be used to defray any of Franchisor's general operating expenses, except for any reasonable salaries, administrative costs and overhead Franchisor may incur in activities reasonably related to the administration of the Technology Fund and its technology research and development programs (including, without limitation, conducting research, integrating and supporting new technologies, and collecting and accounting for contributions to the Technology Fund). Franchisor may spend in any fiscal year an amount greater or less than the total contribution of franchisees to the Technology Fund in that year. Franchisor may cause the Technology Fund to borrow from Franchisor or other lenders to cover deficits of the Technology Fund or cause the Technology Fund to invest any surplus for future use by the Technology Fund. All interest earned on monies contributed to the Technology Fund will be used to pay the costs of research, development, implementation and support of new technology of the Technology Fund before other assets of the Technology Fund are expended. Franchisor will prepare an annual statement of monies collected and costs incurred by the Technology Fund and will furnish it to the Franchisee on written request.

Franchisee understands and acknowledges that the Technology Fund is intended to maximize technological innovations within the Bonita Bowls system. Although Franchisor will endeavor to use the Technology Fund to develop and implement technologies in a manner that will benefit all franchisees, Franchisor undertakes no obligation to ensure that any franchisees will benefit directly or in proportion to their contribution to the Technology Fund from the development of new technologies. Except as expressly provided in this Section 11.6, the Franchisor assumes no direct or indirect liability or obligation to the Franchisee with respect to the maintenance, direction or administration of the Technology Fund.

Franchisor reserves the right, in its sole discretion, to terminate, discontinue, or reestablish the Technology Fund upon sixty (60) days' notice to Franchisee. All unspent monies on the date of termination or discontinuance shall be distributed to franchisees of Franchisor in proportion to their respective contributions made to the Technology Fund during the previous twelve (12) month period. Franchisor shall have the right to reinstate the Technology Fund upon the same terms and conditions herein set forth upon sixty (60) days' prior written notice to Franchisee.

## **XII. INSURANCE**

12.1 Insurance Program. Franchisee shall procure, prior to commencement of construction of the Franchised Business, and shall maintain in full force and effect during the Term at Franchisee's expense, an insurance policy or policies protecting Franchisee and Franchisor, and their officers, directors, members, managers, employees, agents and invitees, against any loss, liability, or expense whatsoever from personal injury, death or property damage or casualty, including fire, lightning, theft, vandalism, malicious mischief, and other perils normally included in an extended coverage endorsement arising from, occurring upon or in connection with the construction, operation or occupancy of the Franchised Business, as Franchisor may reasonably require for its own and Franchisee's protection.

12.2 Insurance Requirements. Such policy or policies shall be written by an insurance company satisfactory to Franchisor, and shall include, at a minimum the following coverage:

- (a) **General Liability Insurance**, in the amount of \$2,000,000 per occurrence/\$4,000,000 in the aggregate;
- (b) **Commercial Auto Liability**, in the amount of \$1,000,000;
- (c) **Property Insurance**, in the amount of \$200,000. Such Property Insurance shall cover the Approved Location prior to and after the opening of the Franchised Business;
- (d) **Business Interruption Insurance**, in an amount not less than the actual loss resulting from an interruption of business for a minimum of twelve (12) months;
- (e) **Theft Insurance**, for the full amount of contents of the Approved Location, and theft must be included as a covered peril;
- (f) **Products Aggregate Limit**, in the amount of \$2,000,000; and
- (g) **Advertising Injury Limit**, in the amount of \$1,000,000.

12.3 Additional Insurance Requirements. All such policies of insurance shall be placed with an insurance company that has a claims rating ability of at least A- from A.M. Best and shall provide that the same shall not be canceled, modified or changed without first giving thirty (30) days' prior



written notice thereof to Franchisor. No such cancellation, modification or change shall affect Franchisee's obligation to maintain the insurance coverages required by this Agreement. Except for Workers' Compensation Insurance, Franchisor shall be named as an Additional Insured on a primary and non-contributory basis for ongoing and completed operations on all such required policies. Workers' Compensation Insurance, General Liability, Auto Liability, and Umbrella/Excess Liability policies shall include a waiver of subrogation in favor of Franchisor. All liability insurance policies shall be written on an "occurrence" policy form. Franchisee shall be responsible for payment of any and all deductibles from insured claims under its policies of insurance. Franchisee shall not satisfy the requirements of this Article XII unless and until certificates of such insurance, including renewals thereof, have been delivered to Franchisor. Franchisee shall not self-insure any of the insurance coverages required by this Agreement, or non-subscribe to any state's applicable worker's compensation laws without the prior written consent of Franchisor which Franchisor may withhold. Franchisor shall have the right, at any time during the Term to increase the minimum limits of insurance coverage or otherwise modify the insurance requirements of this Agreement upon written notice in the Manual or as otherwise prescribed by Franchisor in writing. If Franchisee shall fail to comply with any of the insurance requirements contained in this Article XII, upon written notice to Franchisee by Franchisor, Franchisor may, without any obligation to do so, procure such insurance and Franchisee shall pay Franchisor, upon demand, the cost thereof plus interest at the maximum rate permitted by law, and a reasonable administrative fee designated by Franchisor.

12.4 Primary Coverage. Franchisee agrees that all insurance policies obtained by Franchisee pursuant to this Article XII shall be primary coverage, the applicable limits of which shall be exhausted before any benefits (defense or indemnity) may be obtained under any other insurance (including self-insurance) providing coverage to Franchisor. In the event payments are required to be made under Franchisor's own insurance policies or self-insurance (whether for defense or indemnity) before the applicable coverage limits for the insurance policies obtained by Franchisee are exhausted, then Franchisee hereby agrees to reimburse, hold harmless and indemnify Franchisor and its insurers for such payments. Franchisee shall notify its insurers of this Agreement and shall use its best efforts to obtain an endorsement on each policy it obtains pursuant to this Article XI stating as follows:

The applicable limits of this policy shall be applied and exhausted before any benefits may be obtained (whether for defense or indemnity) under any other insurance (including self-insurance) that may provide coverage to BB Franchisor LLC, a Florida limited liability company. All insurance coverage obtained by BB Franchisor LLC shall be considered excess insurance with respect to this policy, the benefits of which excess insurance shall not be available until the applicable limits of this policy are exhausted.

12.5 No Limitation on Coverage. Franchisee's obligation to obtain and maintain the foregoing policy or policies of insurance in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Article XIV of this Agreement.

12.6 Issuance of Insurance. Franchisee must obtain the insurance required by this Agreement no later than fifteen (15) days before the date on which any construction or build-out at the premises of the Franchised Business is commenced. The Franchised Business shall not be opened for business prior to Franchisor's receipt of satisfactory evidence that all insurance required by this Agreement is in effect. Upon obtaining such insurance, and on each policy renewal date thereafter, Franchisee shall promptly submit evidence of satisfactory insurance and proof of payment therefore to Franchisor, together with, upon request, copies of all policies and policy amendments. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least thirty (30) days' prior written notice to Franchisor.

### **XIII. CONFIDENTIAL INFORMATION**

13.1 Definition. For purposes of this Agreement, the term “Confidential Information” means information relating to Franchisor or the System that is not generally available to the public, including the Manual, operational standards, specifications, procedures and methods, recipes and food and preparation methods, prepared mixes, products, supplies, equipment, marketing, advertising and promotional material and methods, and accounting systems, and all other information and know-how relating to the methods of developing, operating and marketing the Franchised Business and the System. Further, Confidential Information shall include all customer information, lists, data and records of the Franchised Business. Confidential Information does not include information Franchisee can demonstrate came to Franchisee’s attention through legal methods other than by disclosure by Franchisor, or which, at the time of disclosure thereof by Franchisor to Franchisee, had become a part of the public domain, through publication or communication by others; or which, after disclosure to Franchisee by Franchisor, becomes a part of the public domain, through publication or communication by others.

13.2 Maintenance of Confidential Information. During the Term, and after the expiration or termination of this Agreement, Franchisee must use its best efforts to protect the Confidential Information. Accordingly, Franchisee must not communicate, divulge, or use for the benefit of any other person, persons or entity, any part of the Confidential Information. Franchisee may divulge such Confidential Information only to such employees of Franchisee who must have access to it in order to carry out Franchisee’s obligations under this Agreement and as may be required by law, provided Franchisee shall give Franchisor prior written notice of any such required disclosure by law immediately upon receipt of notice by Franchisee in order for Franchisor to have the opportunity to seek a protective order or take such other actions as it deems appropriate under the circumstances. Franchisor reserves the right to require Franchisee, or any of its owners, officers, partners, principals, managers, and employees having access to the Confidential Information to execute a confidentiality agreement or similar instrument(s) containing restrictions as those provided in this Section and, as applicable, throughout this Agreement. Such requirement shall not create an employee or joint employee relationship between Franchisor and Franchisee’s employees, nor does it constitute control by Franchisor over Franchisee’s employment matters.

### **XIV. COVENANTS**

14.1 Franchisee’s Best Efforts. Franchisee covenants that, during the Term, except as otherwise approved in writing by Franchisor, Franchisee or, alternatively, one designated management employee or approved agent if that employee or agent assumes primary responsibility for the operation of the Franchised Business, shall devote full time energy and best efforts to the development and promotion of the Franchised Business and to the management and operation of the Franchised Business.

14.2 Non-Competition and Non-Solicitation During Term. Franchisee acknowledges that Franchisee will receive valuable, specialized training and the Confidential Information. Franchisee covenants that, during the Term, Franchisee and any of its shareholders, officers, directors, members, managers, partners and guarantors, shall not, either directly or indirectly, for itself or themselves or on behalf of, or in conjunction with, any other person or entity:

(a) Divert or attempt to divert any business or customer of the Franchised Business to a Competitive Business (defined in Section 14.5) by direct or indirect inducements or otherwise, or to do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated

with the Marks and the System;

(b) Employ or seek to employ any person who is, at that time, employed by Franchisor or by any other Bonita Bowls franchisee, or otherwise, directly or indirectly, induce such person to leave his or her employment with Franchisor or any other Bonita Bowls franchisee; or

(c) Have any ownership in, maintain, operate, engage in, serve as a director, officer, manager, employee, consultant or representative of, grant a franchise to, advise, help, make loans to, lease property to, or have any interest in, directly or indirectly, a Competitive Business. However, this covenant shall not apply to any business operated by Franchisee under a franchise agreement with Franchisor or any of its Affiliates.

14.3 Post-Termination Covenants. Franchisee covenants that Franchisee and any of its shareholders, officers, directors, members, managers, partners and guarantors, either directly or indirectly, for itself or themselves or on behalf of, or in conjunction with, any other person or entity, regardless of the cause for termination shall not:

(a) For a period of two (2) years following the expiration or termination of this Agreement, have any ownership in, maintain, operate, engage in, serve as a director, officer, manager, employee, consultant or representative of, grant a franchise to, advise, help, make loans to, lease property to, or have any interest in, directly or indirectly, a Competitive Business that is located within a radius of 25 miles of (i) the location specified in the Approved Site Location Addendum as described in Article I or (ii) the location of any other Bonita Bowls Business, whether owned by Franchisor or any other Bonita Bowls franchisee, in existence as of the date of expiration or termination of this Agreement. This restriction will not apply to the ownership of less than 2% of the outstanding shares of a publicly-traded security. Franchisee and its officers, directors, shareholders, managers, members, partners and guarantors expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting those skills. As a result, adherence to this restriction will not deprive them of their personal goodwill or ability to earn a living.

(b) For a period of one year following the termination or expiration of this Agreement, employ or seek to employ any person who is, at the time of the expiration or termination of this Agreement, employed by Franchisor or by any other Bonita Bowls franchisee, or otherwise, directly or indirectly, induce such person to leave his or her employment with Franchisor or any other Bonita Bowls franchisee.

14.4 Confidentiality Agreement. Franchisee must have its shareholders, officers, directors, members, managers, partners, guarantors, supervisory and principal employees, including managers and assistant managers (as a condition to their employment), anyone Franchisee may choose to send to training, and anyone who has access to the Manual or any of Franchisor's proprietary information or Confidential Information, execute Franchisor's standard Confidentiality Agreement (which is an exhibit to the Franchise Disclosure Document and as may be updated in the Manual) before performing any work at the Franchised Business or otherwise having access to the Franchisor's proprietary information. A copy of all the signed agreements shall be delivered to Franchisor within one (1) week of their execution.

14.5 Competitive Business. For purposes of this Article XIII, a "**Competitive Business**" is defined as any retail establishment that derives more than ten percent (10%) of its gross sales from smoothies or smoothie bowls.

14.6 Independent Covenants. The parties agree that each of the foregoing covenants shall

be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Article XIV, is held unenforceable by a court or other tribunal having jurisdiction on a final decision, then Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant was separately stated in and made a part of this Article XIV.

14.7 Right to Reduce Covenants. Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Article XIV, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it shall comply with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Article XIV.

14.8 Injunctive Relief. The parties acknowledge that it will be difficult to ascertain with any degree of certainty the amount of damages resulting from a breach by Franchisee of any of the covenants contained in this Article XIV. It is further agreed and acknowledged that any violation by Franchisee of any of said covenants will cause irreparable harm to Franchisor. Accordingly, Franchisee agrees that upon proof of the existence of a violation of any said covenants, Franchisor will be entitled to injunctive relief against Franchisee in any court of competent jurisdiction having authority to grant such relief, together with all costs and reasonable attorneys' fees incurred by Franchisor in bringing such action.

14.9 Interpretation. ALL PARTIES TO THIS AGREEMENT ACKNOWLEDGE THAT THIS SECTION HAS BEEN FULLY NEGOTIATED AND HAS BEEN ENTERED INTO FREELY. If any provision of this Article XIV shall be held to be invalid by any tribunal, the terms of said invalid provision shall be modified to the least possible extent to make the provision valid. This Article XIV shall not be interpreted against either party as drafter.

## **XV. TRANSFERABILITY OF INTEREST**

15.1 Transfer by Franchisor. This Agreement shall inure to the benefit of the successors and assigns of Franchisor. Franchisor shall have the right to transfer or assign its interest in this Agreement to any person, persons or Entity. If Franchisor's assignee assumes all the obligations of Franchisor hereunder and sends Franchisee written notice of the assignment so attesting, Franchisor will have no further obligation under this Agreement, and Franchisee agrees promptly to execute a general release of Franchisor and its Affiliates, from claims or liabilities of Franchisor under this Agreement.

15.2 Transfer by Franchisee. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted this Agreement in reliance on Franchisee's business skills and financial capacity. Accordingly, neither (i) Franchisee, nor (ii) any immediate or remote successor to Franchisee, nor (iii) any individual or any Entity which directly or indirectly owns any interest in Franchisee or in this Agreement, shall sell, assign, transfer, convey, donate, pledge, mortgage, or otherwise encumber any direct or indirect interest in (i) this Agreement, (ii) Franchisee, or (iii) a substantial portion of the assets of the Franchised Business without the prior written consent of Franchisor. Acceptance by Franchisor of any royalty fee, marketing fund contributions or any other amount accruing hereunder from any third party, including but not limited to any proposed transferee, shall not constitute Franchisor's approval of such party as a transferee or the transfer of this Agreement to such party. Any purported assignment or transfer, by operation of law or otherwise, not having the written consent of Franchisor, shall be null and void, and Franchisor may then terminate without opportunity to cure pursuant to Section 16.2(f) of this Agreement.

15.3 Conditions of Consent. Franchisor shall not unreasonably withhold its written approval of a transfer, provided Franchisee and the assignee or transferee have met all of the following conditions as determined by Franchisor in its sole discretion:

(a) Franchisee shall not be in default under this Agreement or any agreement with Franchisor and its Affiliates at the time Franchisee requests the right to transfer the franchise or at the time the Franchised Business is to actually be transferred. All accounts payable and other monetary obligations to Franchisor and its Affiliates shall be paid in full;

(b) Franchisee shall have agreed to remain obligated under the covenants contained in Article XV hereof as if this Agreement had been terminated on the date of the transfer;

(c) The transferee must be of good moral character and reputation, in the reasonable judgment of Franchisor;

(d) Franchisor shall have determined, to its satisfaction, that the transferee's qualifications meet Franchisor's then-current criteria for new franchisees;

(e) The terms and conditions of the proposed transfer, including all financial terms of the proposed transfer, shall be provided in writing to Franchisor at least fifteen (15) business days prior to the proposed effective date of the transfer, and shall be approved in writing by Franchisor;

(f) The transferee shall execute, at Franchisor's option, (i) a written assignment, in form satisfactory to Franchisor, pursuant to which the transferee shall assume all of the obligations of Franchisee under this Agreement and any other agreement relating to the Franchised Business to be transferred; or (ii) the then-current form of Bonita Bowls Franchise Agreement and such other then-current ancillary agreements as Franchisor may reasonably require. The then-current form of Franchise Agreement may contain new or significantly different terms, including but not limited to a higher royalty fee and advertising fund contribution and less territorial protection than contained in this Agreement. The then-current form of the Franchise Agreement will expire on the expiration date of this Agreement and will contain the same renewal rights, if any, as are available to Franchisee under this Agreement;

(g) Franchisee shall execute a general release in favor of Franchisor and its Affiliates of any claims it may have against Franchisor and its Affiliates, or their shareholders, officers, directors, members, managers, employees and agents, predecessors, successors and assigns relating to the Franchised Business, unconditionally releasing them from any and all claims Franchisee might have against Franchisor and its Affiliates, or their shareholders, officers, directors, members, managers, employees and agents, predecessors, successor and assigns, as of the date of the assignment;

(h) The transferee shall agree at its sole cost and expense, to complete a Franchised Business Renovation, within the time frame required by Franchisor, unless a Franchised Business Renovation was completed less than five (5) years prior to the date of the transfer, and perform such other scope of work as may be determined by Franchisor;

(i) The transferee and such other individuals as may be designated by Franchisor in the Manual or otherwise in writing, must have successfully completed the training courses then in effect for new franchisees which shall be covered by the Transfer Fee (as defined below) paid. However, the Transferee shall be responsible for payment of any onsite training fees incurred for onsite training conducted by Franchisor after the transfer;

(j) The transferee's Entity's operating agreement, bylaws, partnership agreement or equivalent governing document shall provide that further assignments or transfers of any interest in the Entity are subject to all restrictions imposed upon assignments and transfers in this Agreement;

(k) Franchisee shall, at Franchisor's option and request, execute a written guarantee of the transferee's obligations under this Agreement, which guarantee shall not exceed a period of (3) three years from the date of the transfer;

(l) Transferee obtains an assignment of Franchisee's existing lease with the lessor's written consent or executes a new lease with the lessor for the premises of the Franchised Business and the remaining term of the assigned lease or the term of the new lease plus any renewals equals the franchise term hereunder; and

(m) Franchisee shall pay to Franchisor a transfer fee equal to Eight Thousand Nine Hundred Dollars (\$8,900), to cover Franchisor's administrative expenses in connection with the transfer; except that the transfer fee charged by Franchisor for a transfer described in Section 15.4 below shall be Two Thousand Five Hundred Dollars (\$2,500) ("Transfer Fee"). Except for a transfer as described in Section 15.4, Franchisee shall pay the non-refundable Transfer Fee at the time Franchisee requests from Franchisor its written consent of the transfer and/or the Transferee.

15.4 Transfer to an Entity or Existing Owners. If a proposed transfer is (i) individual owners assigning this Agreement to a newly established Entity pursuant to Section 6.1 of this Agreement; or (ii) among existing shareholders, partners or members of Franchisee, such transfer shall be subject to the conditions set forth in Section 15.3, except that Franchisor reserves the right to waive any such conditions or requirements in its sole discretion and to require the Principals of the transferee to execute a Guaranty and Assumption of Franchisee's Obligations as required by Section 6.1.

15.5 Grant of Security Interest. Franchisee shall grant no security interest in any of its assets without the prior consent of Franchisor and unless the secured party agrees that, in the event of any default by Franchisee under any documents related to the security interest (i) Franchisor shall be provided with notice of default and given a reasonable time within which to cure said default, (ii) Franchisor shall have the right and option to be substituted as obligor to the secured party and to cure any default of Franchisee or to purchase the rights of the secured party upon payment of all sums then due to such secured party, except such amounts which may have become due as a result of any acceleration of the payment dates based upon Franchisee's default and (iii) the secured party shall agree to such other requirements as Franchisor, in its sole discretion, deems reasonable and necessary to protect the integrity of the Marks and the System. In the event Franchisor purchases the rights of the secured party in any assets, upon payment of all sums then due to such secured party, Franchisor shall receive title to such assets. Under no circumstances that Franchisee grant a security interest in this Agreement or the franchise granted hereunder.

15.6 Transfer on Death or Mental Incapacity. Upon the death or mental or physical incapacity of any person with an interest in this Agreement as determined by a physician, the Franchised Business or Franchisee, the executor, administrator, or personal representative of such person shall transfer his interest to a third party approved by Franchisor within twelve (12) months after such death or mental incapacity. Such transfer, including but not limited to transfer by devise or inheritance, shall be subject to the same conditions as any *inter vivos* transfer. However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Article XV, the personal representative of the deceased Franchisee shall have a reasonable time, but in no event more than twelve (12) months from Franchisee's death, to sell or transfer the deceased's interest in this Agreement and the Franchised Business, which sale or assignment shall be subject to

all the terms and conditions for assignments and transfers contained in this Agreement. If the interest is not sold or assigned within the twelve (12) month period, Franchisor may terminate this Agreement.

Upon request by Franchisee's executor, administrator, or personal representatives, Franchisor, in its sole discretion, may agree to enter upon the Premises and exercise complete authority with respect to the operation of the Franchised Business until such time as Franchisee's executor, administrator or personal representative transfers Franchisee's interest in the Franchised Business as provided herein. Franchisee acknowledges and agrees that Franchisor's agent or other representative designated by Franchisor may take over, control and operate the Franchised Business, that Franchisee shall pay Franchisor the then-current published fee for such management service, plus all travel expenses, room and board and other expenses reasonably incurred by such agent or representative so long as Franchisor is operating the Franchised Business. Franchisee further acknowledges that if Franchisee temporarily operates the Franchised Business on Franchisee's behalf under this Section 15.6, Franchisee will indemnify and hold harmless Franchisor and Franchisor's agent or representative respecting any and all claims arising out of Franchisor's operation of the Franchised Business under this Section 15.6. Nothing herein shall require Franchisor to operate the Franchises Business upon the request of Franchisee's executor, administrator or personal representative.

15.7 Involuntary Transfers. Involuntary transfers of this Agreement by Franchisee are not binding on Franchisor and constitute grounds for the termination of this Agreement without the opportunity to cure. Franchisee agrees that using this Agreement as security for a loan or otherwise encumbering this Agreement is prohibited, unless Franchisor specifically consents to such action in writing prior to the proposed transaction. Franchisee shall not grant a sub-franchise under this Agreement nor otherwise seek to license or permit others to use this Agreement or any of the rights derived by Franchisee under it. Any attempt to transfer this Agreement in whole or part, or any material portion or property used by Franchisee in connection with this Agreement, whether or not binding on Franchisor, shall be grounds for the termination of this Agreement without the opportunity to cure, unless the transfer is authorized in writing by Franchisor.

15.8 Transfer by Court Order. If a court of competent jurisdiction orders an individual Franchisee to transfer to his or her spouse all or any part of Franchisee's interest in this Agreement or the Franchised Business, or any of the assets of the Franchised Business, such an order shall constitute a transfer under the terms of this Agreement and shall cause the transferee to be subject to all of the terms and conditions concerning transfers set forth in this Agreement.

15.9 Right of First Refusal.

(a) Franchisee grants to Franchisor the right, but not the obligation, to acquire the Franchised Business on the same terms and conditions specified in a bona fide written offer from a qualified third party. However, Franchisor may substitute the cash equivalent for any portion of the purchase price to be paid by non-cash consideration. Franchisor may purchase the interest for itself or assign its right without recourse to a nominee who will purchase the interest directly from Franchisee. Franchisee shall notify Franchisor in writing of the terms and conditions of each proposed transfer, including the interest proposed to be transferred, the purchase price or other consideration to be paid, any financing terms being extended by Franchisee, the date of the proposed transfer and all other pertinent provisions of the proposed sale. In addition, a copy of the contract, agreement, memorandum of sale, deposit receipt, or letter of intent shall also be forwarded to Franchisor as soon as it is received by Franchisee. Following its receipt of all pertinent data and documents concerning the proposed transfer, including any additional data concerning the transaction requested by Franchisor from Franchisee, Franchisor shall have thirty (30) days within which to advise Franchisee in writing of Franchisor's election to acquire the interest proposed to be transferred on the same terms and conditions agreed to by the prospective transferee. Should Franchisor elect to acquire the interest proposed to be

transferred pursuant to its right of first refusal, Franchisee and Franchisor shall cooperate to consummate the transfer. The date for the completion of the transfer may be extended at Franchisor's option for up to thirty (30) days beyond the date originally indicated for the completion of the transfer in order to allow the completion of the transaction in a manner more convenient to Franchisor. The above right of first refusal provisions shall apply to any sale, pledge, assignment, trade or transfer of any ownership interests in the Entity.

(b) If Franchisor does not elect to purchase the interest proposed to be transferred, Franchisee may complete the proposed transfer on the terms and conditions set forth in its notice to Franchisor subject to Franchisor's right to approve the proposed transferee and the terms and conditions set forth under Section 15.3 above. However, if there are any changes in the terms and conditions of the proposed transfer after Franchisee notifies Franchisor of the proposed transfer, including any changes in the terms and conditions occurring after Franchisor notifies Franchisee of its election not to purchase the interest pursuant to its right of first refusal, Franchisee must notify Franchisor of the changes in writing and Franchisor shall have an additional thirty (30) days within which to elect to purchase the interest proposed to be transferred on the revised terms and conditions. If the proposed transfer is not completed for any reason after Franchisor elects not to purchase the interest being transferred, Franchisor's right of first refusal is reinstated as to any later proposed sales or transfers by Franchisee.

## **XVI. DEFAULT AND TERMINATION**

16.1 Termination Without Notice Due To Insolvency. Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Franchisee or such a petition is filed against Franchisee and not opposed by Franchisee; if Franchisee is adjudicated bankrupt or insolvent; if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under applicable law of any jurisdiction should be instituted by Franchisee or against Franchisee and not opposed by Franchisee; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); if Franchisee is dissolved; if execution is levied against Franchisee's property or business; if suit to foreclose any lien or mortgage against the premises or equipment of the Franchised Business is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Business shall be sold after levy thereon by any sheriff, marshal or constable.

16.2 Termination by the Company Without Opportunity to Cure. Franchisee will be deemed to be in default and Franchisor may, at Franchisor's option, terminate this Agreement and all rights granted by this Agreement, without affording Franchisee an opportunity to cure the default, effective immediately upon delivery of notice of termination to Franchisee, if Franchisee (or any of its Principals):

(a) fails to sign a lease as provided in Section 6.3, fails to open Franchisee's Bonita Bowls Business for business as provided in Section 6.5 or fails to satisfactorily complete the training program as provided in Article VIII;

(b) has made any material misrepresentation or omission in Franchisee's application for the franchise rights conferred by this Agreement;

(c) abandons, surrenders, or fails to actively operate Franchisee's Bonita Bowls Business at the Approved Location for five (5) or more consecutive days without Franchisor's prior written consent;

(d) any license(s) required for Franchisee's Bonita Bowls Business to provide the



authorized services has been revoked by the issuing governmental authority, or Franchisee permits the license to lapse and fail to take all actions necessary to reinstate the license within five (5) days of expiration;

(e) are convicted of or plead no contest to a crime or engage in any immoral, dishonest or unethical conduct that Franchisor reasonably believes will affect the reputation of Franchisor, its affiliates, Franchisee's Bonita Bowls Business, the System or the goodwill associated with the Marks;

(f) makes an unauthorized assignment or transfer of this Agreement or Franchisee's Bonita Bowls Business in violation of Article XV herein;

(g) makes any unauthorized use or disclosure of any Confidential Information, makes any unauthorized use of the Marks or any other identifying characteristics of the System or otherwise impair the goodwill associated with these characteristics, or uses, duplicates, or discloses any portion of the Manual or other proprietary written materials;

(h) Franchisee (or any of its Principals) fails to comply with the covenants contained in Sections 14.2 or 14.3 of this Agreement;

(i) causes a threat or danger to public health or safety resulting from the operation of Franchisee's Bonita Bowls Business and upon receipt of written or oral notice from Franchisor or governmental authority of the existence of such threat or danger, Franchisee fails to immediately cease any activity or conduct causing the threat or danger and fail to complete the cure of such breach within twenty-four (24) hours;

(j) fails on three (3) or more separate occasions within any twelve (12) consecutive month period to (i) submit when due financial statements, reports or other data, information or supporting records; (ii) pay when due the royalty fees, Marketing Fund contributions, or any other payments due to Franchisor (including by failing to have insufficient funds in the designated bank account on the date for electronic withdrawal); (iii) pay when due any approved or designated suppliers; or otherwise fail to comply with this Agreement, or with any mandatory specification, standard or operating procedures Franchisor prescribes from time to time, whether or not such failures to comply are corrected after notice of those failures to comply is delivered to Franchisee; and

(k) fails to meet the Minimum Annual Gross Sale Quota for any operating year and fail to cure after a six (6) month period following a notice to increase revenues.

Further, this Agreement will expire automatically without notice upon the presentation for filing by Franchisee (or any of its Principals) of a petition or application seeking any type of relief under the Federal Bankruptcy Act or any state insolvency or similar law, or upon Franchisee's assignment for the benefit of creditors. (Upon presentation for filing of such a petition or application, the term of this Agreement will be deemed to be amended so that the expiration of this Agreement occurs at the moment said petition or application is presented to a court official for stamping and filing.) This Agreement will also terminate automatically without notice if someone files a petition or application seeking to have Franchisee (or any of Franchisee's Principals) adjudicated a bankrupt or insolvent, or seeking other relief against Franchisee (or any of Franchisee's Principals) under the Bankruptcy Act or any state insolvency or similar law and the petition or application is not dismissed within sixty (60) days after it is filed. In that event, the term of this Agreement will be deemed to be amended so that it expires on the 60th day after filing. Franchisee (and Franchisee's Principals) expressly and knowingly waive any rights Franchisee may have under the provisions of the Federal Bankruptcy Rules, and consent to the termination or expiration of this Agreement, or any other relief which Franchisor may seek in a complaint to lift the provisions of any automatic stay under any bankruptcy rules. In addition, Franchisee (and Franchisee's Principals) agrees not to seek any injunctive relief from any court in any jurisdiction which would have the effect of staying or enjoining this provision.

16.3 Termination by the Company With Opportunity to Cure. Franchisor has the right to terminate

this Agreement upon written notice to Franchisee if Franchisee or any of its Principals):

(a) fails to accurately report the Gross Sales of Franchisee's Bonita Bowls Business or to timely pay royalty fees, Marketing Fund contributions, or other payments due to Franchisor or its affiliates, and does not correct such failure within ten (10) days after written notice of such failure is delivered to Franchisee;

(b) fails, for a period of ten (10) days after notification of non-compliance, to comply with any federal, state or local law or regulation applicable to the operation of the Bonita Bowls Business;

(c) fails to purchase the insurance required by this Agreement and deliver proof of same to Franchisor or fails to reimburse Franchisor for its purchase of such insurance on Franchisee's behalf within ten (10) days after notice from Franchisor;

(d) commits any act or omission of default under the lease for the Approved Location and does not cure the default within the applicable cure period set forth in the lease; or

(e) fails to comply with any other provision of this Agreement or any mandatory specification, standard or operating policy or procedure Franchisor prescribes from time to time, and does not correct such failure within thirty (30) days after written notice of such failure is delivered to Franchisee. If such breach cannot be reasonably be cured within such thirty (30) day period and if Franchisee commences a bona fide program to cure such breach within thirty (30) days and continue to take such actions as are necessary to complete such cure until completed, Franchisee will be given the reasonable amount of time required to complete the cure. If Franchisee fails to continue to take the necessary action to cure or Franchisee does not complete the cure within the reasonable period, then Franchisor may terminate this Agreement effective upon delivery to Franchisee of written notice that such breach has not been cured in a reasonable time and Franchisor is electing to terminate.

#### 16.4 Cross-Default and Cross-Termination Provisions.

(a) A default by Franchisee under this Agreement will be deemed a default of all agreements between Franchisee (or any affiliate of Franchisee) and Franchisor or its Affiliates. A default by Franchisee under any other agreement between Franchisee (or any affiliate of Franchisee) and Franchisor or its Affiliates will be deemed a default under this Agreement. A default by the guarantors of this Agreement or any other agreement of guaranty will be deemed a default of this Agreement. For purposes of clarity, any agreements between Franchisee (or any affiliate of Franchisee) and Franchisor or its Affiliates include, without limitation, any other Franchise Agreement or area developer agreement.

(b) If this Agreement is terminated as a result of a default by Franchisee (or any affiliate of Franchisee), Franchisor or its Affiliates may, at their option, elect to terminate any or all other agreements between Franchisee (or any affiliate of Franchisee) and Franchisor or its Affiliates is terminated as a result of a default by Franchisee (or any affiliate of Franchisee), Franchisor may, at its option, elect to terminate this Agreement or any other agreement between Franchisee (or any affiliate of Franchisee) and Franchisor or its Affiliates will be grounds for termination of this Agreement and/or all agreements between Franchisee (or any affiliate of Franchisee) and Franchisor or its Affiliates without additional notice or opportunity to cure.

16.5 Statutory Cure Period. If a default is curable under this Agreement, and the applicable law in the state in which the Franchised Business is located requires a longer cure period than that specified in this Agreement, the longer period will apply.

16.6 Right to Operate Upon Default. In addition to Franchisor' right to terminate this Agreement and not in lieu of such right or any other rights, in the event that Franchisee has not cured a default under this

Agreement within fourteen (14) days after receipt of a written notice of default, Franchisor may, at its option, enter upon the Premises and exercise complete authority with respect to the operation of the Franchised Business until such time as Franchisor determines that the default has been cured and that there is compliance with the requirements of this Agreement. Franchisee acknowledges and agrees that Franchisor's agent or other representative designated by Franchisor may take over, control and operate the Franchised Business, that Franchisee shall pay Franchisor the then-current published fee for such management service, plus all travel expenses, room and board and other expenses reasonably incurred by such agent or representative so long as it shall be required to enforce compliance with this Agreement. Franchisee further acknowledges that if Franchisor temporarily operates the Franchised Business on Franchisee's behalf under this Section 16.8, Franchisee will indemnify and hold harmless Franchisor and Franchisor's agent or representative respecting any and all claims arising out of Franchisor's operation of the Franchised Business under this Section 16.8. Nothing herein shall require Franchisor to operate the Franchises Business when Franchisee is in default.

16.7 Monetary Fees for Non-Compliance. In addition to any and all other remedies available to Franchisor under this Agreement or under the law upon a default by Franchisee, Franchisor may impose on Franchisee monetary non-compliance fees for defaults under this Agreement. Then-current non-compliance fees shall be published in the Manual.

16.8 Termination by Franchisee. Franchisee may request termination of this Agreement at any time within thirty (30) days of the execution of this Agreement. If Franchisee exercises such right to termination, Franchisee shall be entitled to a fifty percent (50%) refund of the Initial Franchise Fee.

## **XVII. EFFECT OF TERMINATION OR EXPIRATION**

17.1 Post-Termination Obligations. Upon termination or expiration of this Agreement, all rights granted to Franchisee under this Agreement will immediately terminate, Franchisee shall cease to be a licensed franchisee of Franchisor, and:

(a) Franchisee shall immediately cease to operate the Franchised Business as an Bonita Bowls Business, and shall not thereafter, directly or indirectly, represent to the public that the restaurant is or was a Bonita Bowls Business;

(b) Franchisee shall immediately and permanently cease to use, by advertising or in any manner whatsoever, any menus, recipes, confidential formulae, equipment, methods, procedures, techniques associated with the System, the Marks, and Franchisor's other trade names, trademarks and service marks associated with the System. In particular, and without limitation, Franchisee shall cease to use all signs, menus, advertising and promotional materials, stationery, forms, packaging, containers and any other articles which display the Marks;

(c) In the event Franchisee continues to operate or subsequently begins to operate a restaurant or other business, Franchisee shall not use any reproduction, counterfeit, copy, or colorable imitation of the Marks in conjunction with such other business which is likely to cause confusion or mistake or to deceive, and further agrees to remove all unique markings, colors, décor, Marks and other features ("**Trade Dress**") that identify the Franchised Business as a former Bonita Bowls Business, and otherwise take all necessary steps to disassociate itself from the System and Franchisor, including but not limited to, the removal of signs and all Trade Dress from the premises of the Franchised Business and destruction of printed materials.

(d) Franchisee acknowledges that all telephone numbers, facsimile numbers, telephone directory listings, e-mail addresses, social media accounts, websites, internet addresses, listings or other presence on the Internet (collectively "**Identifiers**") used in the operation of the Franchised

Business constitute Franchisor's assets, and upon termination or expiration of this Agreement, Franchisee will take such action within five (5) days to assign to Franchisor or Franchisor's designee as determined by Franchisor, all of Franchisee's right, title and interest in and to such Identifiers and will notify the telephone company and all listing agencies, internet service providers, domain name registrars, social media platforms or networks of the termination or expiration of Franchisee's right to use any Identifiers, and to authorize a transfer of the same to Franchisor, or at Franchisor's direction, to its designee. Further, Franchisee shall deliver to Franchisor any passwords or account manager access information for any Identifiers. Franchisee acknowledges that Franchisor has the sole right to, and interest in, all Identifiers used by Franchisee to promote the Franchised Business and/or associated with the Marks. Franchisee hereby irrevocably appoints Franchisor, with full power of substitution, as Franchisee's true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. Franchisee further appoints Franchisor to direct the telephone company and all listing agencies, internet service providers, domain name registrars, social media platforms or networks or any other third parties having control over the Identifiers to transfer such Identifiers to Franchisor or Franchisor's designee. The telephone company and all agencies, internet service providers, domain name registrars, social media platforms or networks or any third parties have control over the Identifiers may accept such direction by Franchisor pursuant to this Agreement as conclusive evidence of Franchisor's rights to the Identifiers and Franchisor's authority to direct their transfer.

(e) Franchisee shall immediately take all actions as shall be necessary to amend or cancel any assumed name, fictitious or business name or equivalent registration that contains any Marks or other trademarks of Franchisor or in any way identifies Franchisee as being affiliated with the System;

(f) Franchisee shall immediately notify all of its suppliers, utilities, landlords, creditors and others with whom it is doing business that Franchisee is no longer affiliated with the Franchised Business or the System and provide proof to Franchisor of this notification within five (5) days of the termination or expiration of this Agreement;

(g) Franchisee shall immediately make such modifications or alterations to the Franchised Business premises or cessation of operation of the Franchised Business as may be necessary to prevent the operation of any businesses thereon by Franchisee or others in derogation of this Article XVII, and shall make such specified additional changes thereto as Franchisor may reasonably request for that purpose. The modifications and alterations required by this Article XVII shall include but are not limited to removal of all trade dress, proprietary marks and other indicia of the System;

(h) Franchisee shall immediately pay to Franchisor and its Affiliates all sums, fees or charges owed to Franchisor or its Affiliates;

(i) Franchisee shall immediately turn over to Franchisor the Manual, training materials and any other materials containing the Confidential Information and other data, records, files, instructions, correspondence and any and all other materials relating to the operation of the Franchised Business in Franchisee's possession and all copies thereof (all of which are acknowledged to be Franchisor's property) and shall retain no copy or record of any of the foregoing, in any format whether electronic or otherwise, with the exception of Franchisee's copy of this Agreement, any correspondence between the parties, and any other documents which Franchisee reasonably needs for compliance with any provision of law; and

(j) Franchisee and its owners shall comply with all of the post-termination covenants

set forth in Article XIV.

17.2 Franchisor's Right to Purchase. Franchisor shall have the right (but not the duty) to exercise by notice of intent to do so within thirty (30) days after termination or expiration of this Agreement, to purchase any and all improvements, furniture, fixtures, equipment, advertising and promotional materials, ingredients, products, materials, supplies, paper goods and any items bearing Franchisor's Marks at then-current fair market value, but specifically excluding any value for goodwill or going concern value. If the parties cannot agree on a fair market value within a reasonable time, an independent appraiser shall be designated by Franchisor, and whose determination of fair market value shall be binding. If Franchisor elects to exercise any option to purchase provided in this Section, it shall have the right to set-off all amounts due from Franchisee under this Agreement and the cost of the appraisal, if any, against any payment therefor. In the event the premises are leased to Franchisee, Franchisee shall, upon termination of this Agreement and upon request by Franchisor, immediately assign, set over and transfer unto Franchisor, at Franchisor's sole option and discretion, said lease and the premises, including improvements. Any such lease entered into by Franchisee shall contain a clause specifying the landlord's consent to assign such lease to Franchisor or its assignee in the event this Agreement is terminated.

17.3 Damages Resulting From Breach. Franchisee shall pay to Franchisor all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor in seeking recovery of damages caused by any action of Franchisee in violation of, or in obtaining injunctive relief for the enforcement of, any portion of this Article XVII. Franchisee acknowledges and agrees that any failure to comply with the provisions of this Article XVII shall result in irreparable injury to Franchisor.

17.4 Additional Documents. Franchisee shall execute such documents as Franchisor may reasonably require to effectuate termination of the Franchised Business and Franchisee's rights to use the Marks and the System.

17.5 Acknowledgements. Upon the termination or expiration of this Agreement for any reason, Franchisee acknowledges and agrees that:

(a) No payment is due to Franchisee from any source for any claimed goodwill or other equity claimed by Franchisee based on Franchisee's operation or ownership of the Franchised Business, or otherwise; and

(b) No fees, charges, or other payments of any kind from Franchisee to Franchisor or its Affiliates are refundable wholly or partially.

## **XVIII. TAXES AND PERMITS**

18.1 Taxes. Franchisee shall promptly pay when due all taxes, accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the Franchised Business under this Agreement. Franchisor will have no liability for any sales, use, excise, income, gross receipts, property, or other taxes levied against Franchisee or the Franchised Business or on Franchisor in connection with Franchisee's operation of the Franchised Business, or any payments Franchisee makes to Franchisor pursuant to this Agreement, including but not limited to royalties and advertising fund contributions (except for Franchisor's own income taxes). If any such taxes are assessed against Franchisor, Franchisee shall reimburse Franchisor the actual amount of the taxes upon demand and upon receipt of proof of tax assessment.

18.2 Permits. Franchisee, in the conduct of the Franchised Business, shall comply with all applicable laws and regulations, and shall timely obtain any and all permits, certificates, or licenses

necessary for the full and proper conduct of the business operated under this Agreement, including but not limited to licenses to do business, food service certifications, trade name registrations, sales tax permits and fire clearances.

## **XIX. RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION**

19.1 Independent Contractor. This Agreement does not establish Franchisee as an agent, legal representative, joint venturer, partner, joint employer, employee or servant of Franchisor for any purpose whatsoever, and Franchisor shall not be construed to be jointly liable for any of Franchisee's or its employees' acts or omissions under any circumstances. Franchisee is solely responsible for the day to day operation of the Franchised Business. It is understood and agreed that Franchisee is an independent contractor and is in no way authorized to make any contract, agreement, warranty, or representation on behalf of Franchisor. The parties further agree that this Agreement does not create any fiduciary relationship between them. During the Term and any extension hereof, Franchisee agrees to take such action as Franchisor deems reasonably necessary for Franchisee to inform and hold itself out to the public, its employees and suppliers as an independent contractor operating the Franchised Business pursuant to a franchise from Franchisor. Franchisee shall prominently display, by posting of a sign within public view on or in the premises of the Franchised Business, and on any stationery, forms and promotional material a statement that clearly indicates that the Franchised Business is independently owned and operated by Franchisee as a franchisee of Franchisor.

19.2 No Employment Relationship. Franchisee expressly acknowledges that Franchisee is not Franchisee's employer or an employer of any of Franchisee's employees. In addition, Franchisor is not a joint employer with Franchisee. Franchisee acknowledges that Franchisor's training, guidance, advice and assistance, Franchisee's obligations under this Agreement and the standards, specifications, policies and procedures required by Franchisor hereunder and in the Manual are imposed not for the purpose of exercising control over Franchisee but rather for the limited purpose of protecting the Marks and Confidential Information, goodwill and brand consistency. The parties acknowledge and agree that Franchisee is solely responsible for the management of the Franchised Business as an independent franchise owner/operator.

### 19.3 Indemnification.

(a) Franchisee agrees to defend, indemnify and hold harmless Franchisor and its Affiliates, and their respective officers, directors, members, managers, employees, agents, predecessors, successors and assigns from all claims, demands, losses, damages, liabilities, cost and expenses (including attorneys' fees and expenses of litigation) resulting from, or alleged to have resulted from, or in connection with Franchisee's operation, possession or ownership of the Franchised Business, the Franchised Business premises, or Franchisee's use of the Marks and the System in any manner not in accordance with this Agreement, including but not limited to any claim or action based on or arising out of any injuries, including death, to persons or damage to or destruction of property, sustained or alleged to have been sustained in connection with or to have arisen out of or incidental to the Franchised Business and/or the performance of this Agreement by Franchisee, its shareholders, officers, directors, members, managers, partners, employees, agents, employees, and its subcontractors, their agents and employees or anyone for whose acts they may be liable, regardless of whether or not such claim, demand, damage, loss, liability, cost or expense is caused in whole or in part by the negligence of Franchisor, Franchisor's representatives, or the employees, agents, invitees, or licensees thereof.

(b) Franchisor shall advise Franchisee in the event Franchisor receives notice that a claim has been or may be filed with respect to a matter covered by this Agreement, and Franchisee shall immediately assume the defense thereof at Franchisee's sole cost and expense. In any event, Franchisor will have the right, through counsel of its choice, to control any matter to the extent it

could directly or indirectly affect Franchisor and/or its Affiliates or their officers, directors, employees, agents, successors or assigns. If Franchisee fails to assume such defense, Franchisor may defend, settle, and litigate such action in the manner it deems appropriate and Franchisee shall, immediately upon demand, pay to Franchisor all costs (including attorneys' fees and cost of litigation) incurred by Franchisor in effecting such defense, in addition to any sum which Franchisor may pay by reason of any settlement or judgment against Franchisor.

(c) Franchisor's right to indemnity hereunder shall exist notwithstanding that joint or several liabilities may be imposed upon Franchisor by statute, ordinance, regulation or judicial decision.

(d) Franchisee agrees to pay Franchisor all expenses including attorneys' fees and court costs, incurred by Franchisor or its Affiliates, and their successors and assigns to remedy any defaults of or enforce any rights under this Agreement, effect termination of this Agreement or collect any amounts due under this Agreement.

## **XX. APPROVALS AND WAIVERS**

### **20.1 Approvals.**

(a) Whenever this Agreement requires the prior approval of Franchisor, Franchisee shall make a timely written request to Franchisor for such approval, and such approval or consent must be in writing.

(b) Franchisor makes no warranties or guarantees upon which Franchisee may rely. Franchisor assumes no liability or obligation to Franchisee or any third party to which Franchisor would not otherwise be subject by Franchisor providing any waiver, approval, advice, consent or suggestions to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

20.2 Waiver. No failure of Franchisor to exercise any power reserved to it in this Agreement, or to insist upon compliance by Franchisee with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand strict compliance with the terms of this Agreement. Waiver by Franchisor of any particular default shall not affect or impair Franchisor's right in respect to any subsequent default of the same or of a different nature, nor shall any delay, forbearance, or omission of Franchisor to exercise any power or rights arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants of this Agreement affect or impair Franchisor's rights, nor shall such constitute a waiver by Franchisor of any rights under this Agreement, or its right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payments due to it shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants, or conditions of this Agreement.

20.3 Variation of Standards. Because complete and detailed uniformity under many varying conditions might not be possible or practical, Franchisee acknowledges that Franchisor specifically reserves the right and privilege, as Franchisor considers to be best, to vary standards described in this Agreement for any franchise owner based upon the peculiarities of any condition that Franchisor considers important to that franchise owner's successful operation. Franchisee has no right to require Franchisor to grant Franchisee a similar variation or accommodation.

**XXI. NOTICES**

21.1 Notices. All notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by U.S. Certified mail, Return Receipt Requested, or commercial overnight delivery service, or by e-mail transmission to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

**Notice to Franchisor:**  
BB Franchisor LLC  
28430 Hidden Lake Drive  
Bonita Springs, FL 34134  
Attn: Kyle Kissane, CEO  
[support@bonitabowls.co](mailto:support@bonitabowls.co)

**With a copy to:**  
Alissa Carter Verson  
Huck Bouma PC  
1755 S. Naperville Rd., Ste. 200  
Wheaton, Illinois 60189  
[averson@huckbouma.com](mailto:averson@huckbouma.com)

**Notice to Franchisee:**

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

**With a copy to:**

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

All written notices and reports permitted or required to be delivered by the provisions of this Agreement shall be addressed to the party to be notified at its most current principal business address or e-mail address of which the notifying party has been notified and shall be deemed so delivered (i) at the time delivered by hand; (ii) one (1) business day after deposit within commercial overnight courier, (iii) three (3) business days after placement in the U.S. Mail by Certified Mail, Return Receipt Requested, postage prepaid and addresses, or (iv) on the date of transmission if an e-mail is sent on business days during business hours and there is a confirmation of transmission (and if not sent during business hours, as of the next business day).

**XXII. SEVERABILITY AND CONSTRUCTION**

22.1 Severability. Except as expressly provided to the contrary in this Agreement, each article, section, paragraph, part, term, and provision of this Agreement shall be considered severable. If, for any reason, any article, section, part, term, or provision of this Agreement is determined to be invalid, contrary to, or in conflict with, any existing or future law or regulation by a court or agency



having valid jurisdiction, such shall not impair the operation, or have any other effect upon, such other portions, articles, sections, parts, terms, or provisions of this Agreement as may remain otherwise enforceable, and the latter shall continue to be given full force and effect to bind the parties hereto, the invalid portions, articles, sections, parts, terms or provisions being deemed not to be part of this Agreement.

## 22.2 Construction.

(a) Except as has been expressly provided to the contrary in this Agreement, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, Franchisor's officers, directors, members, managers and employees, and Franchisee's and Franchisor's permitted respective successors and assigns, any rights or remedies under or by reason of this Agreement.

(b) All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

(c) All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable, and all acknowledgements, promises, covenants, agreements and obligations herein made or undertaken by Franchisee shall be deemed jointly and severally undertaken by all Franchisee parties hereto on behalf of Franchisee.

(d) This Agreement may be executed in counterparts, and each copy so executed shall be deemed an original.

(e) This Agreement may be signed with full legal force and effect using electronic signatures and records. Delivery of this Agreement by electronic mail or other functionally equivalent means of transmission constitutes valid and effective delivery.

## **XXIII. ENTIRE AGREEMENT; SURVIVAL**

23.1 Entire Agreement. This Agreement, the documents referred to herein and the exhibits hereto, constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof and supersede any and all prior agreements. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, modification or variance of this Agreement shall be binding on either party unless in writing and executed by Franchisor and Franchisee. Representations by either party, whether oral, in writing, electronic or otherwise, that are not set forth in this Agreement shall not be binding upon the party alleged to have made such representations and shall be of no force or effect. Nothing in this Franchise Agreement is intended to disclaim any representations made by Franchisor in the franchise disclosure document provided to Franchisee. Franchisee understands and agrees that Franchisor shall not be liable or obligated for any oral representations or commitments made prior to the execution of this Agreement and that no modifications of this Agreement shall be effective except those in writing and signed by both parties. Franchisor does not authorize and will not be bound by any representation of any nature other than those expressed in this Agreement and in the most recent franchise disclosure document provided by Franchisor or its representatives. Franchisee further acknowledges and agrees that no representations have been made to it by Franchisor regarding projected sales volumes, market potential, revenues, or profits of Franchisee's Bonita Bowls Business, other than as stated in this Agreement or in the most recent franchise disclosure document provided by Franchisor or its representatives.

23.2 Survival. Notwithstanding anything herein to the contrary, upon the termination of this Agreement for any reason whatsoever (including the execution of a subsequent franchise agreement pursuant to the provisions of Section 2.2(b)), or upon the expiration of the Term of this Agreement, all provisions of this Agreement which, by their nature, are intended to extend beyond the expiration or termination of this Agreement, shall survive termination or expiration and be fully binding and enforceable as though such termination or expiration had not occurred.

#### **XXIV. DISPUTE RESOLUTION; APPLICABLE LAW; VENUE**

24.1 Arbitration. Except for controversies, disputes or claims related to or based on Franchisee's use of the Marks or Confidential Information, Franchisee's compliance with its non-competition obligations and any rights Franchisor may have to possession of the premises of the Bonita Bowls Business under any sublease, lease or collateral assignments, all controversies, disputes or claims between Franchisor, its affiliates, and their respective owners, officers, directors, agents, employees and attorneys, and Franchisee (its affiliates and owners and guarantors, if applicable), arising out of or related to this Agreement or any other agreement between the parties; the parties' rights and obligations under this Agreement; Franchisor's relationship with Franchisee or the obligations by and between the parties; or the validity of this Agreement or any other agreement between Franchisor and Franchisee or any provision of such agreements, will be submitted to binding Arbitration administered by the American Arbitration Association ("AAA") in accordance with the AAA's then-current Commercial Arbitration Rules. The arbitration hearing shall take place in DuPage County, Illinois, before a single arbitrator. Any party who fails or refuses to submit any dispute to binding arbitration following a lawful demand by the opposing party shall bear all costs and expenses incurred by the opposing party in compelling arbitration. The parties shall have thirty days after the service of a Statement of Claim and demand for arbitration to agree on a single arbitrator. If the parties cannot agree on a single arbitrator, the matter will be filed with and administered by the AAA, or if AAA is not available, any comparable arbitration body.

24.2 Scope of Arbitration. The arbitrator shall have the right to award or include in the award any relief which he or she deems proper in the circumstances including but not limited to money damages (with interest on unpaid amounts from the date due), specific performance and attorneys' fees and costs, in accordance with this Agreement. THE FOREGOING TO THE CONTRARY NOTWITHSTANDING, THE ARBITRATOR MUST NOT AWARD CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES. THE PARTIES (AND THEIR OWNERS AND GUARANTORS, IF APPLICABLE) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES AGAINST THE OTHER AND AGREE THAT IN A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT. The award and decision of the arbitrator shall be conclusive and binding upon all parties to this Agreement and judgment upon the award may be entered in any court of competent jurisdiction. Franchisor and Franchisee agree that, in connection with any arbitration proceeding, each shall file any compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within thirty (30) days after the date of the filing of the claim to which it relates.

#### 24.3 Limitations on Proceedings.

(a) Franchisor and Franchisee agree that arbitration will be conducted on an individual basis only, and not on a joint, collective or class-wide basis, and that an arbitration proceeding between Franchisor and its Affiliates, and Franchisee and its shareholders, officers, directors, members, managers, employees and agents, may not be consolidated or joined with any other

arbitration proceeding between Franchisor and any other person or entity. Neither party shall commence any arbitration with a third party against the other, or join with any third party in any arbitration involving Franchisor and Franchisee. Further, neither Franchisor nor Franchisee shall attempt to consolidate or otherwise combine in any manner, an arbitration proceeding involving Franchisor and Franchisee with another arbitration of any kind, nor shall Franchisor or Franchisee attempt to certify a class or participate as a party in a class action against the other.

(b) The foregoing notwithstanding, in the event Franchisee controls, is controlled by, or is in active concert with another franchisee of Franchisor, or there is a guarantor of some or all of Franchisee's obligations to Franchisor, then the joinder of those parties to any arbitration between Franchisor and Franchisee shall be permitted, and in all events, the joinder of an owner, director, officer, member, manager, partner or other representative or agent of Franchisor or Franchisee shall be permitted.

24.4 Governing Law/Consent to Venue and Jurisdiction. All arbitration proceedings between Franchisor and Franchisee shall be governed by the Federal Arbitration Act ("FAA") and no procedural arbitration issues are to be resolved pursuant to any state statutes, regulations or common law. Except to the extent governed by the FAA, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051, *et seq.*) or other federal law, this Agreement shall be interpreted and governed under the laws of the State of Illinois and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the State of Illinois, which laws shall prevail if there is any conflict of law. Franchisee and Franchisor have negotiated regarding a forum in which to resolve any disputes which may arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding involving Franchisee and/or any affiliate of Franchisee and Franchisor, its Affiliates and their respective officers, directors, members, managers, and employees, the parties agree that the exclusive venue for disputes between them shall be in the state and federal courts of Illinois or in arbitration in DuPage County, Illinois pursuant to this Article XXIV, and each party waives any objection they may have to the personal jurisdiction of or venue in the state and federal courts of DuPage County, Illinois or to arbitration in Illinois pursuant to this Article XXIV. Franchisor, Franchisor's Affiliates, Franchisee and Franchisee's Affiliates each waive their rights to a trial by jury.

24.5 Cumulative Remedies. No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy herein, or by law or equity provided or permitted; but each shall be cumulative of any other right or remedy provided in this Agreement.

24.6 Injunctive Relief. Notwithstanding the above arbitration provisions, Franchisor and Franchisee will each have the right in a proper case to seek injunctive relief and any damages incidental thereto from a court of competent jurisdiction. Franchisee agrees that Franchisor may obtain this injunctive relief, without posting a bond or bonds in excess of a total of One Thousand Dollars (\$1,000.00), but upon due notice, and Franchisee's sole remedy in the event of the entry of any injunctive relief will be the dissolution of the injunctive relief, if warranted, upon hearing duly had; however, all claims for damages by reason of the wrongful issuance of any such injunction are expressly waived by Franchisee. Any such action will be brought as provided in this Article and the prevailing party shall be entitled to its costs and attorneys' fees.

24.7 Limitations on Actions. Except for payments owed by one party to the other, and unless prohibited by applicable law, any and all claims and actions arising out of or relating to this Agreement (including, but not limited to, the offer and sale of this franchise), the relationship of Franchisee and Franchisor, or Franchisee's operation of the Franchised Business, brought by Franchisee must be

commenced within one (1) year from the occurrence of the events giving rise to such claims or action, or such claim or action shall be barred.

24.8 DAMAGES. FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY CONSEQUENTIAL, PUNITIVE, OR EXEMPLARY DAMAGES AGAINST THE OTHER, AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

24.9 Costs and Attorney's Fees. If a claim for amounts owed by Franchisee to Franchisor or its affiliates is asserted in any legal proceeding before a court of competent jurisdiction, or if Franchisee or Franchisor is required to enforce this Agreement in a judicial proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees, expert witness fees, court costs and other expenses of litigation, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce the obligations of this Agreement.

24.10 Liquidated Damages. Franchisor shall have the right to impose liquidated damages against Franchisee in the following events: (a) Franchisee terminates this Agreement without good cause, (b) Franchisor terminates this Agreement based on Franchisee's material breaches under this Agreement, (c) Franchisee abandons the Franchised Business, which for purposes of this Section is failing to open or operate the Franchised Business for more than five (5) consecutive days, (d) loses possession of the premises of the Franchised Business and fails to find a new location and to re-open the Franchised Business; or (e) Franchisee transfers an interest in the Franchised Business or the ownership of Franchisee or of the assets of Franchisee or the Franchised Business (or any interest therein) without fully complying with Article XV of this Agreement, whether or not Franchisor terminates this Agreement. The amount of liquidated damages shall be equal to (i) the number of months remaining in the term of this Agreement, times (ii) the average Gross Sales of Franchisee's Franchised Business during the thirty-six (36) month period immediately preceding the date of termination (or if Franchisee has been in business less than 36 months, then during the entire period Franchisee has been in business), times (iii) six percent (6%). This remedy is in addition to Franchisor's other rights and remedies set forth in this Agreement. The liquidated damages are not a penalty or forfeiture, but are a reasonable measure of damages where the exact amount of actual damages would be difficult to ascertain. Franchisee also agrees to pay Franchisor's costs and attorney's fees in connection with enforcing this Liquidated Damages provision.

## **XXV. MISCELLANEOUS**

25.1 Modifications. No modification of any provision of this Agreement shall be valid unless made in writing and executed by both Franchisor and Franchisee; however, the Manual may be modified by Franchisor from time to time and is fully enforceable against Franchisee.

25.2 Beneficiaries. The parties intend to confer no benefit or right on any person or entity not a party to this Agreement and no third parties shall have any right or claims, benefit, or right as a third party beneficiary under this Agreement or any provision hereof. Similarly, Franchisee is not entitled to claim any rights or benefits including those of a third party beneficiary, under any contract, understanding or agreement between Franchisor and any other person or entities, unless that contract, understanding or agreement specifically refers to Franchisee by name or to a class which Franchisee belongs and specifically grants rights or benefits to Franchisee or to the concerned class.

25.3 Entity Authority. The person or persons signing this Agreement for Franchisee warrant to Franchisor that he, she or they have the requisite corporate authority to sign this Agreement. At the

request of Franchisor, the concerned Entity signatory agrees to promptly provide Franchisor with a certified copy of the resolution or other document authorizing the execution of this Agreement and naming the officers or other positions of the Entity that are authorized to sign this Agreement for the Entity.

25.4 Set Off. Franchisee shall not be allowed to set off amounts owed to Franchisor or other amounts due hereunder, against any monies owed to Franchisee, nor shall Franchisee in any event withhold any amounts due to any alleged nonperformance by Franchisor hereunder, which right of set off is expressly waived by Franchisee. Franchisor shall be allowed to set off amounts owed to Franchisee against monies owed to Franchisor by Franchisee.

25.5 Joint and Several Liability. If two or more persons, corporations, partnerships, or other entities or any combination thereof, sign this Agreement, the liability of each shall be joint and several. All Principals are jointly and severally liable for the performance of Franchisee hereunder.

25.6 Successors in Interest. This Agreement is binding upon the heirs, administrators, personal representatives, assigns and successors in interest to the parties to this Agreement.

25.7 Franchisor's Reasonable Business Judgment. Whenever Franchisor reserves discretion in a particular area or where Franchisor agrees to exercise its rights reasonably, in good faith or as it deems necessary or advisable, Franchisor will satisfy its obligations whenever Franchisor exercises reasonable business judgment in making its decision or exercising its rights. Franchisor's decisions or actions will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if Franchisor's decision or action is intended, in whole or significant part, to promote or benefit the System and Bonita Bowls Businesses generally, even if the decision or action also promotes Franchisor's financial or other individual interest. Examples of items that will promote or benefit all Bonita Bowls Businesses and the System include but are not limited to enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System

25.8 Modification of the System. Franchisee understands and agrees that the System must not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other marketplace variables, and if it is to best serve the interests of Franchisor, Franchisee and all other franchisees. Accordingly, Franchisee expressly understands and agrees that Franchisor may from time to time change the components of the System including but not limited to altering the products, programs, services, methods, standards, forms, policies and procedures of the System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services that the Franchised Restaurant is authorized and required to offer; modifying or substituting entirely the building, premises, equipment, signage, trade dress, décor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes that Franchisee is required to observe under this Agreement; and changing, improving, modifying, or substituting other words or designs for, the Marks. Franchisee expressly agrees to comply with any such modifications, changes, additions, deletions, substitutions and alterations; provided, however, that such changes shall not materially and unreasonably increase Franchisee's obligations hereunder. Franchisee will accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed. Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications contemplated hereby. Franchisee hereby covenants not to commence or join in any litigation or other

proceeding against Franchisor or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. Franchisee expressly waives any claims, demands or damages arising from or related to the foregoing activities including but not limited to any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

25.9 Force Majeure. Neither Franchisee nor Franchisor will be liable for loss or damage or deemed to be in breach of this Agreement if the failure to perform their respective obligations results from: (1) transportation shortages or inadequate supply of labor, material or energy beyond the control of the parties, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency thereof; (3) acts of God; (4) acts or omissions of the other party; (5) fires, strikes, embargoes, war, riot, acts of terrorism, or pandemic; or (6) any other similar event or cause. Any delay resulting from any of the causes set forth above will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable. However, this clause shall not apply or not result in an extension of the term of this Agreement.

25.10 Executive Order 13224. To enable Franchisor to comply with U.S. Executive Order 13224, Franchisee hereby represents and warrants to Franchisor that neither Franchisee, nor any of its equity owners, directors, officers, employees, representatives, and agents (collectively, the “Included People”): (a) is, or is owned or controlled by, a suspected terrorist or foreign terrorist, as those terms are used, contemplated, and/or implied in Executive Order 13224, and (b) to the best of Franchisee’s knowledge, has any of the Included People been designated a suspected terrorist or foreign terrorist as those terms are used, contemplated, and/or implied in Executive Order 13224.

*[Signature Page Follows.]*

**IN WITNESS WHEREOF**, the parties hereto, intending to be legally bound hereby, have duly executed, sealed, and delivered this Agreement on the date below each signature.

**FRANCHISOR:**

**FRANCHISEE:**

**BB FRANCHISOR LLC**

[ \_\_\_\_\_ ]

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

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

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

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

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

**OR**, if a corporation, limited liability company or other business entity:

\_\_\_\_\_  
Company Name

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

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

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

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

**EXHIBIT A  
APPROVED LOCATION AND  
PROTECTED AREA**

As provided in the above franchise agreement, the following information is now available and is hereby specified for inclusion in the franchise agreement.

**Approved Location:** The location approved by the Franchisor for operation of the Franchised Business is \_\_\_\_\_ (“Approved Location”).

**Description of Protected Area:** The boundaries of the Protected Area are described as follows: *[INSERT DESCRIPTION]*

If a map is attached hereto, the boundaries of the Protected Area as shown on the map shall control.

The parties acknowledge and agree that the Protected Area described above contains the following people population: \_\_\_\_\_.

**FRANCHISOR:**  
**BB FRANCHISOR LLC**  
A Florida limited liability company

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

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

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



**EXHIBIT B**  
**ADDENDUM TO LEASE AND COLLATERAL ASSIGNMENT OF**  
**LEASE**

This Addendum to Lease, dated \_\_\_\_\_, 20\_\_\_\_, is entered into by and between \_\_\_\_\_ (“Lessor”), and \_\_\_\_\_ (“Lessee”).

A. The parties hereto have entered into a certain Lease Agreement, dated \_\_\_\_\_, 20 , and pertaining to the premises located at \_\_\_\_\_ (“Lease”).

B. Lessor acknowledges that Lessee intends to operate a Bonita Bowls Franchised Business from the leased premises (“Premises”) pursuant to a Franchise Agreement (“Franchise Agreement”) with BB Franchisor LLC, a Florida limited liability company (“Franchisor”) under the name Bonita Bowls or other name designated by Franchisor (herein referred to as “Franchised Business”).

C. The parties now desire to amend the Lease in accordance with the terms and conditions contained herein.

**NOW, THEREFORE**, it is hereby mutually covenanted and agreed between Lessor and Lessee as follows:

1. Term. The term of the Lease (initial term or initial term plus any renewal options) shall extend through the term of the Franchise Agreement which shall expire on \_\_\_\_\_.

2. Use of Premises. Lessor and Lessee agree that, during the term of the Franchise Agreement, the Premises shall be used only for the operation of a Franchised Business under a Franchise Agreement with Franchisor, unless another use is approved in writing Franchisor.

3. Remodeling and Decor. Lessor agrees that Lessee shall have the right to remodel, equip, paint and decorate the interior of the Premises and to display the proprietary marks and signs on the interior and exterior of the Premises as Lessee is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Lessee may operate a Bonita Bowls business on the Premises.

4. Franchisor’s Right to Enter. Lessor and Lessee agree that the employees of Franchisor, or its parent, subsidiaries or affiliates, shall have the right to enter the leased premises to make any modifications necessary to protect their proprietary marks.

5. Retail Radius Restrictions in Lease. Any “retail radius restriction” or similar provision shall not be binding upon nor enforceable against Franchisor, nor shall such provision be enforceable against the Lessee in case Franchisor, its parent, subsidiaries or affiliates open a location within a restricted area.

6. Assignment. Lessee shall have the right to assign all of its right, title and interest in the Lease to Franchisor or its parent, subsidiary, affiliate, or another franchisee, at any time during the term of the Lease, including any extensions or renewals thereof, without first obtaining Lessor’s consent in accordance with the Collateral Assignment of Lease attached hereto as Attachment A (the “Collateral Assignment”). However, no assignment shall be effective until the time as Franchisor or its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document shall constitute Franchisor or its designated transferee a

party to the Lease, or guarantor thereof, and shall not create any liability or obligation of Franchisor or its designated transferee unless and until the Lease is assigned to, and accepted in writing by, Franchisor or its designated transferee. In the event of any assignment, Lessee shall remain liable under the terms of the Lease. Franchisor shall have the right to reassign the Lease to another franchisee without the Lessor's consent in accordance with this Section.

7. Default and Notice.

a) In the event there is a default or violation by Lessee under the terms of the Lease, Lessor shall give Lessee and Franchisor written notice of the default or violation within a reasonable time after Lessor receives knowledge of its occurrence. If Lessor gives Lessee a default notice, Lessor shall contemporaneously give Franchisor a copy of the notice. Franchisor shall have the right, but not the obligation, to cure the default. Franchisor will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee's interest as provided in the Collateral Assignment. Franchisor will have an additional 15 days from the expiration of Lessee's cure period in which it may exercise the option, but it is not obligated, to cure the default or violation.

b) All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, to the following address:

BB Franchisor LLC  
28430 Hidden Lake Drive.  
Bonita Springs, FL 34134  
Attn: Kyle Kissane, CEO  
[support@bonitabowls.co](mailto:support@bonitabowls.co)

Franchisor may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees that it will notify both Lessee and Franchisor of any change in Lessor's mailing address to which notices should be sent.

c) Following Franchisor's approval of the Lease, Lessee agrees not to terminate, or in any way alter or amend the same during the term of the Franchise Agreement, including any renewal thereof, without Franchisor's prior written consent, and any attempted termination, alteration or amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

8. Termination or Expiration.

a) Upon Lessee's default and failure to cure the default within the applicable cure period, if any, under either the Lease or the Franchise Agreement, Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest and at any later time to re-assign the Lease to a new franchisee without Lessor's consent and to be fully released from any and all liability to Lessor upon the reassignment, provided the franchisee agrees to assume Lessee's obligations and the Lease.

b) Upon the expiration or termination of either the Lease or the Franchise Agreement, Lessor will cooperate with and assist Franchisor in securing possession of the Premises and if Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs and all other items identifying the Premises as a Franchised Business and to make

other modifications (such as repainting) as are reasonably necessary to protect the Franchisor's marks, system, and trade dress, and to distinguish the Premises from a Franchisor's business. In the event Franchisor exercises its option to purchase assets of Lessee, Lessor shall permit Franchisor to remove all the assets being purchased by Franchisor.

9. Consideration; No Liability.

a) Lessor hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Lessee plans to operate its business and Lessee would not lease the Premises without this Addendum. Lessor also hereby consents to the Collateral Assignment from Lessee to Franchisor as evidenced by Attachment A hereto.

b) Lessor further acknowledges that Lessee is not an agent or employee of Franchisor and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Lessor has entered into this Addendum to Lease with full understanding that it creates no duties, obligations or liabilities of or against Franchisor or any affiliate of Franchisor.

10. Sales Reports. If requested by Franchisor, Lessor will provide Franchisor with whatever reports, information or data Lessor has regarding Lessee's sales from its Franchised Business.

11. Amendments. No amendment or variation of the terms of the Lease or this Addendum to the Lease shall be valid unless made in writing and signed by the parties hereto.

12. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Addendum as though copies herein in full.

13. Beneficiary. Lessor and Lessee expressly agree that Franchisor is a third-party beneficiary of this Addendum.

**IN WITNESS WHEREOF**, witness the signatures of the parties hereto as of the day, month and year first written above.

**LESSOR:**

**LESSEE:**

\_\_\_\_\_

\_\_\_\_\_

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

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

Title \_\_\_\_\_

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

**Attachment A**

**COLLATERAL ASSIGNMENT OF LEASE**

FOR VALUE RECEIVED, as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (“**Effective Date**”), the undersigned, \_\_\_\_\_, (“**Assignor**”) hereby assigns, transfers and sets over unto BB Franchisor LLC, a Florida limited liability company (“**Assignee**”) all of Assignor’s right, title and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as Attachment A (“**Lease**”) with respect to the premises located at \_\_\_\_\_. This Collateral Assignment of Lease (“**Collateral Assignment**”) is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Collateral Assignment unless Assignee shall take possession of the premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under that certain franchise agreement for a Bonita Bowls Business between Assignee and Assignor (“**Franchise Agreement**”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in the event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease at least thirty (30) days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

**IN WITNESS WHEREOF**, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first above written.

**ASSIGNOR:**

**ASSIGNEE:**

\_\_\_\_\_

**BB Franchisor LLC**

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

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

**EXHIBIT C**  
**AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION**  
**FORM**

Franchisee Information:

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee E-mail Address

Bank Account Information:

Bank Name		
Bank Mailing Address (street, city, state, zip)		
	<input type="checkbox"/> Checking <input type="checkbox"/> Savings	
Bank Account No.	(check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)	Bank Phone No.	

Authorization:

Franchisee hereby authorizes BB Franchisor LLC, a Florida limited liability company (“Franchisor”) to initiate debit entries to Franchisee’s account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee’s account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Federal Tax ID Number: \_\_\_\_\_

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

**NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.**

**EXHIBIT D**

**STATEMENT OF OWNERSHIP**

Name of Entity and, if applicable, Trade Name: \_\_\_\_\_  
\_\_\_\_\_

Form of  
Ownership (Check  
One)

\_\_\_ Individual \_\_\_ Partnership \_\_\_ Corporation \_\_\_ LLC \_\_\_ Other: \_\_\_\_\_

If a Partnership, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a Corporation, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a Limited Liability Company, give the state and date of formation, the name of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation: \_\_\_\_\_

Management (managers, officers, board of directors, etc.):

Name	Title

Owners (Members, Stockholders, Partners)

Name	Address	Percentage Owned

Managing Owner (as defined in Section 6.1(c) designated by Franchisee: \_\_\_\_\_



Franchisee acknowledges this Statement of Ownership applies to Bonita Bowls Business authorized under the Franchise Agreement. Use additional sheets if necessary. Any and all changes to the above information must be reported to Franchisor in writing.

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

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

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

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

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

## EXHIBIT E

### GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS ("**Guaranty**") is made as of \_\_\_\_\_, 20\_\_\_\_, in consideration of, and as an inducement to, the execution of the Franchise Agreement ("**Franchise Agreement**") by BB Franchisor LLC, a Florida limited liability company ("**Franchisor**"). In consideration thereof, each of the undersigned hereby jointly and severally, personally and unconditionally agrees as follows:

1. **Guaranty.** Guarantor(s) hereby unconditionally and absolutely warrants and guarantees to Franchisor that \_\_\_\_\_ ("Franchisee") shall punctually pay and perform in full each and every undertaking, agreement and covenant set forth in the Franchise Agreement;
2. **Obligations of Guarantor Upon Event of Default.** Should a Default (as defined in the Franchise Agreement) occur, Guarantor(s) shall diligently proceed to cure such Default at Guarantor's sole cost and expense;
3. **Nature of Guaranty.** This Guaranty is an original and independent obligation of Guarantor(s), separate and distinct from Franchisee's obligations to Franchisor under the Franchise Agreement. The obligations of Guarantor to Franchisor under this Guaranty are direct and primary, regardless of the validity or enforceability of the Franchise Agreement. This Guaranty is for the benefit of Franchisor and is not for the benefit of any third party. This Guaranty shall continue until all obligations of Guarantor to Franchisor under this Guaranty have been performed in full.
4. **Guarantor's Authorization to Franchisor.** Guarantor(s) authorizes Franchisor, without notice or demand and without lessening Guarantor's liability under this Guaranty, from time to time: (a) to make or approve changes to the Franchise Agreement; (b) to repeatedly compromise, renew, extend, accelerate, or otherwise change the time for payment or other terms of the Franchise Agreement; (c) to take and hold security for the payment of amounts due under the Franchise Agreement or this Guaranty, and exchange, enforce, waive, and release any such security, with or without the substitution of new collateral; (d) to determine how, when, and what application of payments and credits shall be made on amounts due under the Franchise Agreement; and (j) to assign or transfer this Guaranty, in whole or in part.
5. **Guarantor's Representations and Warranties.** Guarantor(s) represents and warrants to Franchisor that: (a) no representations or agreements of any kind have been made to Guarantor which would limit or qualify in any way the terms of this Guaranty; (b) this Guaranty is executed at Franchisee's request and Franchisor would not execute the Franchise Agreement were it not for the execution and delivery of this Guaranty; (c) Guarantor has not and will not, without the prior written consent of Franchisor, sell, lease, assign, encumber, hypothecate, transfer or otherwise dispose of all, or substantially all, of Guarantor's assets, or any interest therein if any such event would have a material negative effect on Guarantor's ability to perform its obligations under this Guarantor or the Franchise Agreement; (d) neither the execution nor the delivery of this Guaranty, nor compliance with the terms hereof, will conflict with or result in the breach of any law or statute, will constitute a breach or default under any agreement or instrument to which Guarantor may be a party, or will result in the creation or imposition of any charge or lien upon any property or assets of Guarantor; (e) Franchisor has made no representation to Guarantor as to the creditworthiness of Guarantor; and (f) Guarantor has established adequate means of obtaining from Franchisee, on a continuing basis, information regarding Franchisee's financial condition. Guarantor agrees to keep adequately informed of any facts, events or circumstances which might in any way affect Guarantor's risks under this Guaranty, and Guarantor further agrees that, absent a request for information from Guarantor, Franchisor shall have no obligation to disclose

to Guarantor any information or documents acquired by Franchisor in the course of its relationship with Franchisee.

6. **Guarantor's Waivers.** Except as prohibited by applicable law, Guarantor waives any right to require Franchisor: (a) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of any amount due to Franchisor under the Franchise Agreement or related to any security agreement; (b) to resort for payment or to proceed direction or at once against any person, including Guarantor or any other guarantor; (c) to proceed directly against or exhaust any collateral held by Franchisor against Franchisee, any other guarantor or any other person; (d) to give notice of the terms, time and place of any public or private sale of personal property security held by Franchisor from Franchisee, except as required under applicable provisions of the Uniform Commercial Code; or (e) to pursue any other remedy within Franchisor's power.

Guarantor also waives any and all rights or defenses arising by reason of (a) any "one action" or "anti-deficiency" law or any other law which may prevent Franchisor from bringing any action, including a claim for deficiency, against Guarantor, before or after Franchisor's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale; (b) any election of remedies by Franchisor which, until Franchisee's indebtedness is paid in full, destroys or otherwise adversely affects Guarantor's subrogation rights or Guarantor's rights to proceed against Franchisee for reimbursement, including, without limitation, any loss of rights Guarantor may suffer by reason of any law limiting, qualifying, or discharging any payments due to Franchisor under the Franchise Agreement; (c) any disability or other defense of Guarantor, or any other guarantor, or of any other person, or by reason of the cessation of Guarantor's liability from any cause whatsoever, other than payment in full in legal tender of any amount due from Franchisee to Franchisor; (d) any failure or invalidity of, or any defect in, the Franchise Agreement or Area Development Agreement; (e) any right to claim discharge of any amounts due to Franchisor on the basis of unjustified impairment of any collateral for any payments due; or (f) any statute of limitations, if at any time any action or suit brought by Franchisor against Guarantor is commenced there is outstanding payment due to Franchisor by Franchisee which is not barred by any application statute of limitations.

Until all amounts due and owing to Franchisor by Franchisee are paid in full, Guarantor further waives and agrees not to assert or claim at any time any deductions to the amount guaranteed under this Guaranty for any claim of setoff, counterclaim, counter demand, recoupment, or similar right, whether such claim, demand, or right, may be asserted by Franchisee, Guarantor, or both.

7. **Guarantor's Understanding with Respect to Waivers.** Guarantor warrants and agrees that each of the waivers set forth above is made with Guarantor's full knowledge of the significance and consequences thereof, and that, under the circumstances, the waivers are reasonable and not contrary to public policy or law. If any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the extent permitted by law.

8. **Rights and Remedies.** If Guarantor shall fail to perform promptly as provided in this Guaranty, Franchisor shall have the following rights and remedies:

- (a) **Perform Work.** Franchisor may, at its option, proceed to perform on behalf of Guarantor any and all work related to the Franchised Business (as that term is described in the Franchise Agreement) and to pay any costs incurred in connection with the work. Guarantor, upon Franchisor's demand, shall promptly pay to Franchisor all such sums expended together with interest thereon at the lesser of the rate of 1.5% per month or the highest rate of interest allowable under applicable law.
- (b) **Cure Defaults.** Franchisor may, but without any obligation to do so, cure any defaults, including without limitation, paying any unpaid bills and liens, including without limitation those for construction, labor, and materials. Guarantor, upon Franchisor's

demand, shall promptly pay to Franchisor all such sums expended together with interest thereon at the lesser of the rate of 1.5% per month or the highest rate of interest allowable under applicable law.

- (c) Specific Performance. From time to time and without first requiring performance on the part of Franchisee and without being required to exhaust any security held by Franchisor, to require Guarantor specifically to perform Guarantor's obligations under this Guaranty, by action at law or in equity or both, and further, to collect in any such action, compensation for all loss, cost, damage, injury and expense sustained or incurred by Franchisor as a direct or indirect consequence of Guarantor's failure to perform, with interest thereon at the lesser of the rate of 1.5% per month or the highest rate of interest allowable under applicable law.
- (d) Other Rights and Remedies. In addition, Franchisor shall have and may exercise any or all of the rights and remedies it may have available at law, in equity, or otherwise.

9. Subordination of Franchisee's Debt to Guarantor. Guarantor agrees that, until full payment of the amounts due to Franchisor from Franchisee under the Franchise Agreement, these amounts, whether now existing or hereafter created, shall be superior to any claim that Guarantor may now have or hereafter acquire against Franchisee, whether or not Franchisee becomes insolvent. Guarantor hereby expressly subordinates any claim Guarantor may have against Franchisee, upon any account whatsoever, to any claim that Franchisor may now or hereafter have against Franchisee. In the event of insolvency and consequent liquidation of the assets of Franchisee through bankruptcy, by an assignment for the benefit of creditors, by voluntary liquidation, or otherwise, the assets of Franchisee applicable to the payment of the claims of both Franchisor and Guarantor shall be paid to Franchisor and shall be first applied by Franchisor to the amounts due to Franchisor from Franchisee. Guarantor does hereby assign to Franchisor all claims which they may have or acquire against Franchisee or against any assignee or trustee in bankruptcy of Franchisee; provided however, that such assignment shall be effective only for the purpose of assuring to Franchisor full payment of all amounts due under the Franchise Agreement. Guarantor agrees, and Franchisor is hereby authorized, in the name of Guarantor and from time to time, to execute and file financing statements and continuation statements and to execute such other documents and to take such other actions as Franchisor deems reasonably necessary or appropriate under applicable law to perfect, preserve and enforce its rights under this Guaranty.

10. Miscellaneous Provisions. The following miscellaneous provisions are a part of this Guaranty:

- (a) Amendments. This Guaranty, together with any related documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Guaranty. No alteration of, or amendment to, this Guaranty shall be effective unless given in writing and signed by the party or parties sought to be charged or bound with the alteration or amendment.
- (b) Attorneys' Fees; Expenses. Guarantor agrees to pay, upon demand, all of Franchisor's costs and expenses, including Franchisor's reasonable attorneys' fees and Franchisor's legal expenses, incurred in connection with the enforcement of this Guaranty. Franchisor may hire or pay someone else to help enforce this Guaranty, and Guarantor shall pay the costs and expenses of such enforcement. Costs and expenses include Franchisor's reasonable attorneys' fees and legal expenses, whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services.

Guarantor also shall pay all court costs and such additional fees as may be directed by the court.

- (c) Caption Headings. Caption headings in this Guaranty are for convenience purposes only and are not to be used to interpret or define the provisions of this Guaranty.
- (d) Governing Law. This Guaranty will be governed by, construed and enforced in accordance with, federal law and the laws of the State of Illinois. This Guaranty has been accepted by Franchisor in the State of Illinois.
- (e) Choice of Venue. If there is a lawsuit, Guarantor agrees, upon Franchisor's request, to submit to the jurisdiction of the courts of the State of Illinois.
- (f) No Waiver by Franchisor. Franchisor shall not be deemed to have waived any rights under this Guaranty unless such waiver is given in writing and signed by Franchisor. No delay or omission on the part of Franchisor in exercising any right shall operate as a waiver of such right or any other right. A waiver by Franchisor of a provision of this Guaranty shall not prejudice or constitute a waiver of Franchisor's right otherwise to demand strict compliance with that provision or any other provision of this Guaranty. No prior waiver by Franchisor, nor any course of dealing between Franchisor and Guarantor, shall constitute a waiver of any of Franchisor's rights or of any of Guarantor's obligations as to any future transactions. Whenever the consent of Franchisor is required under this Guaranty, the granting of such consent by Franchisor in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Franchisor.
- (g) Notices. Any notice required to be given under this Guaranty shall be given in writing, and shall be effective when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified mail, postage prepaid, and addressed as prescribed in the Franchise Agreement and as disclosed in the Statement of Ownership attached thereto.

Any party may change its address for notices under this Guaranty by giving formal written notice in accordance herewith, specifying that the purpose of the notice is to change the party's address. For notice purposes, Guarantor agrees to keep Franchisor informed at all times of Guarantor's current address.

- (h) Severability. If a court of competent jurisdiction finds any provision of this Guaranty to be illegal, invalid or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid or unenforceable as to any other circumstances. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Guaranty. Unless otherwise required by law, the illegality, invalidity or unenforceability of any provision of this Guaranty shall not affect the legality validity or enforceability of any other provision of this Guaranty.
- (i) Successors and Assigns. Subject to any limitations stated in this Guaranty on transfer of Guarantor's interests, this Guaranty shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes

vested in a person other than Guarantor, Franchisor, without notice to Guarantor, may deal with Guarantor's successors with reference to this Guaranty and the Loan by way of forbearance or extension without releasing Guarantor from the obligations of this Guaranty or liability for payments due under the Franchise Agreement.

11. **Definitions.** The following capitalized words and terms shall have the following meanings when used in this Guaranty. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Guaranty shall have the meanings attributed to such terms in the Uniform Commercial Code.

- (a) Franchisee. The word "**Franchisee**" means \_\_\_\_\_, and all other persons and entities signing the Franchise Agreement in whatever capacity.
- (b) Guarantor. The word "**Guarantor**" means each and every person or entity signing this Guaranty.
- (c) Franchisor. The word "**Franchisor**" means BB Franchisor LLC, its successors and assigns.

*[Remainder of this page is intentionally left blank]*

THE UNDERSIGNED GUARANTOR(S) ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS GUARANTY AND AGREES TO ITS TERMS. IN ADDITION, GUARANTOR UNDERSTANDS THAT THIS GUARANTY IS EFFECTIVE UPON GUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY TO FRANCHISOR. NO FORMAL ACCEPTANCE BY FRANCHISOR IS NECESSARY TO MAKE THIS GUARANTY EFFECTIVE. THIS GUARANTY IS DATED AS OF \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
\_\_\_\_\_, an \_\_\_\_\_

Percentage ownership  
in Franchisee: \_\_\_\_%

Print Name: \_\_\_\_\_  
Title, as applicable: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_, an \_\_\_\_\_

Percentage ownership  
in Franchisee: \_\_\_\_%

Print Name: \_\_\_\_\_  
Title, as applicable: \_\_\_\_\_

Percentage ownership must equal 100

**EXHIBIT F TO THE DISCLOSURE DOCUMENT**  
**CONVERSION ADDENDUM TO FRANCHISE AGREEMENT**



## BONITA BOWLS

### CONVERSION ADDENDUM TO FRANCHISE AGREEMENT

This Conversion Addendum to Franchise Agreement is made by and between BB Franchisor LLC, a Florida limited liability company, having its principal office at 23480 Hidden Lake Drive, Bonita Springs, FL 34134 (“**Franchisor**”) and the franchisee names on the signature page of this Agreement (“**Conversion Franchisee**”).

#### WITNESSETH:

WHEREAS, Franchisor and Conversion Franchisee have simultaneously herewith entered into a certain Franchise Agreement whereby Conversion Franchisee is granted a franchise to operate a business that serves health food to the general public, with a menu featuring smoothie bowls, poke bowls, wraps, salads, smoothies, toast, waffles and related products in a fast-casual restaurant (“Franchised Business”); to use the “Bonita Bowls” Marks (“Marks”); and, to utilize Franchisor’s System in connection therewith;

WHEREAS, Conversion Franchisee has submitted an application to Franchisor to become a Conversion Franchisee of Franchisor and Franchisor has approved such application in reliance upon all of the representations made herein and therein;

WHEREAS, Conversion Franchisee has owned and operated an existing health food business or business similar in nature to a Bonita Bowls Business since \_\_\_\_\_ and, further, Conversion Franchisee represents and acknowledges that it has met Franchisor’s standards and qualifications to be classified as a “Conversion;”

WHEREAS, Conversion Franchisee has represented and acknowledged that it does not operate under any other franchise agreement, licensing agreement, or a prescribed marketing plan or system of another company and is not subject to any agreements limiting or restricting Conversion Franchisee’s ability to conduct said business;

WHEREAS, Conversion Franchisee acknowledges that by becoming a Franchisee of Franchisor it will be subject to covenants against competition, confidentiality agreements and standards of performance and quality which otherwise would not attach to its business operations; and

WHEREAS, Franchisor desires to grant to Conversion Franchisee a franchise upon the terms and subject to the conditions hereof and subject to the terms and conditions of the Franchise Agreement executed simultaneously herewith.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

#### **1. TERMS OF FRANCHISE AGREEMENT**

1.1 Except as expressly set forth in this Agreement, the rights, duties and obligations of the parties with respect to the Franchised Business shall be the same as the rights, duties and obligations of the parties with respect to the Franchised Business described in the Franchise Agreement.

## **2. INITIAL FRANCHISE FEE**

2.1 In consideration for the franchise granted herein, Franchisee shall pay to Franchisor an initial franchise fee which is a reduced from the corresponding then-current initial franchise fee for start-up franchisees being charged by Franchisor. The initial franchise fee due is Twenty-Five Thousand Dollars (\$25,000.00). The conversion franchise fee is due and payable in full upon execution of both the Franchise Agreement and Conversion Addendum to Franchise Agreement for the Franchised Business. If Franchisee requests a termination within thirty (30) days of the execution of this Agreement, Franchisee shall be entitled to a refund of fifty percent (50%) of the Initial Franchise Fee. Except as otherwise specifically provided herein or at Section 8.2 of the Franchise Agreement, the initial franchise fee is non-refundable. The Initial Franchise Fee is deemed fully earned upon payment, in consideration of expenses incurred by Franchisor in granting the franchise and for Franchisor's lost or deferred opportunity to grant a franchise to others.

2.2 In addition, Conversion Franchisee is required to pay to Franchisor all other fees and payments as are more fully described in the Franchise Agreement without deduction from the conversion franchise fee.

## **3. CONVERSION OF FRANCHISEE'S BUSINESS TO THE SYSTEM**

4.1 Prior to the commencement of operation of the Franchised Business, Conversion Franchisee must remove all materials, signs and equipment which do not conform with the System, are not approved by Franchisor, or which do not meet the standards and specifications prescribed in Franchisor's Manual (as amended from time to time).

4.2 Conversion Franchisee understands and hereby acknowledges that every component of the System is vital to Franchisor, to other System franchisees and to the operation of the business franchised hereby, and that compliance with the System is of the essence of this Agreement. Franchisee shall at all times conduct the Franchised Business hereunder in compliance with the System and cease rendering services or using equipment or signs which are not designated by Franchisor to be components of the System.

4.3 As of the date on which Conversion Franchisee commences operating its business as a Franchised Business under the Marks, Conversion Franchisee shall identify and represent its business as a Franchised Business through the use and display of the Marks. Franchisor shall determine the length of time after the commencement of business as a System franchisee, Conversion Franchisee may display, with Franchisor's prior written approval, secondary signage of such size, content and style as is prescribed by Franchisor in its Manual, for the purpose of advising the public of the former trade name under which Conversion Franchisee had previously conducted its business.

4.4 Conversion Franchisee shall convert all of its books, accounts, ledgers, customer lists, bookkeeping systems and related records and systems so as to comply with the standards and specifications of the System including, without limitation, the installation of a computer system, as is more fully set forth at the time of initial training or as outlined in the Franchisor's Manual, as amended from time to time.

4.5 The initial training provided to Conversion Franchisee is similar to the training program further described in Sections 8.1, 8.2, 8.3 and 6 of the Franchise Agreement.

4.6 Up to 2 Owners (including the Managing Owner) of Conversion Franchisee and 1 Designated Manager shall successfully complete Franchisor's required initial training program. Conversion Franchisee must complete all necessary construction, renovations or refurbishing; comply with

all of Franchisor's standards and specifications with respect to goods, materials, equipment and services; and commence operation of the Franchised Business within 90 days after the execution of the Franchise Agreement and this Agreement.

#### **4. CONFIDENTIAL INFORMATION AND RESTRICTIVE COVENANTS**

5.1 Conversion Franchisee acknowledges that notwithstanding the fact that it has operated a business or has been employed in a capacity offering or providing restaurant services with a menu featuring smoothie bowls, poke bowls, wraps, salads, smoothies, toast, waffles and related products similar to those offered under the System, Conversion Franchisee covenants and agrees to be bound by the restrictions on the use of confidential information set forth in Article XIII of the Franchise Agreement. Conversion Franchisee further acknowledges that all information pertaining to customers of Conversion Franchisee prior to the execution of the Franchise Agreement shall be deemed to be "confidential information" as that term is defined in Article XIII of the Franchise Agreement.

5.2 Conversion Franchisee expressly acknowledges that despite the fact that it has owned and operated an existing health food business or business similar in nature to a Bonita Bowls Business since \_\_\_\_\_, Conversion Franchisee shall be bound by the in-term and post-term covenants not to compete set forth in Article XIV of the Franchise Agreement and all other applicable provisions of Article XIV of the Franchise Agreement.

#### **5. ACKNOWLEDGMENTS**

Conversion Franchisee acknowledges, warrants and represents to Franchisor that:

6.1 It has owned and operated an existing health food business or business similar in nature to a Bonita Bowls Business since \_\_\_\_\_.

6.2 It is the majority owner and operator of its business.

6.3 It does not operate or hold a majority interest in any retail establishment that derives more than ten percent (10%) of its gross sales from smoothies or smoothie bowls which have not been converted to the System.

6.4 Its business does not operate under either a franchise agreement, licensing agreement, or pursuant to any form of commercial arrangement whereby a third party prescribes a particular marketing plan or system upon its business operations. Furthermore, Conversion Franchisee is not subject to any covenant against competition.

6.5 No other person, firm, corporation or other entity has any right, title or interest in or to Conversion Franchisee's business. Conversion Franchisee's business has not been mortgaged, pledged or assigned and there are no judgments, liens, executions or proceedings pending which may alter, decrease or remove Conversion Franchisee's interest in said business.

6.6 Conversion Franchisee acknowledges that the information submitted and the representations made to Franchisor as an inducement for Franchisor to enter into this Agreement are accurate and truthful.

6.7 Conversion Franchisee acknowledges that by virtue of the terms and conditions of the Franchise Agreement and this Agreement the manner and operation of its business must be in strict compliance with Franchisor's standards and specifications and furthermore acknowledges that its ability to

directly or indirectly engage in any other business which offers or sells services or products which comprise, or may in the future comprise, a part of the System is expressly limited.

6.8 Furthermore, Conversion Franchisee expressly acknowledges and understands that this Agreement amends and supplements the Franchise Agreement and that the terms and conditions of this Agreement are incorporated into the Franchise Agreement as though set forth in full therein.

IN WITNESS WHEREOF, the parties hereunder have duly executed, sealed and delivered this Agreement to the Franchise Agreement on the day and year first set forth above.

**FRANCHISOR:**

**FRANCHISEE:**

**BB FRANCHISOR LLC**

[ \_\_\_\_\_ ]

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

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

**OR**, if a corporation, limited liability company or other business entity:

\_\_\_\_\_  
Company Name

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

**EXHIBIT C**  
**STANDARD LEASE AGREEMENT**



**STANDARD LEASE**  
**AGREEMENT**

This STANDARD LEASE AGREEMENT is entered into this \_\_ day of \_\_\_\_\_, 202\_, by and between \_\_\_\_\_, a(n) \_\_\_\_\_ [hereinafter sometimes referred to as "Landlord"], and \_\_\_\_\_, a(n) \_\_\_\_\_ [hereinafter sometimes referred to as "Tenant"], who hereby mutually covenant and agree as follows:

**ARTICLE 1. AGREEMENT TO LEASE.**

1.1 **Grant.** Landlord, for and in consideration of the Rents to be paid by Tenant herein and the covenants and agreements herein to be performed by Tenant, hereby leases to Tenant, and Tenant hereby lets from Landlord, the following described real estate and the improvements (including the existing structure) located thereon from time to time (the "Leased Premises"):

---

1.2 **Quiet Enjoyment.** Subject to the foregoing, Landlord covenants and agrees that so long as Tenant shall timely pay all Rents due to Landlord from Tenant hereunder and keep, observe and perform all covenants, promises and agreements on Tenant's part to be kept, observed and performed hereunder, Tenant shall and may peacefully and quietly have, hold and occupy the Premises free of any interference from Landlord; subject, however, to each of the terms, provisions and conditions of this Lease.

1.3 **Guaranty.** Concurrently with the execution of this Lease by Tenant, and as a condition of an material inducement to Landlord's obligations under this Lease, Tenant, or all members or shareholders of Tenant if Tenant is an entity ("Guarantor(s)"), shall execute and shall deliver to Landlord a Guaranty in the form attached hereto as **Exhibit A**, guaranteeing the full performance of Tenant's obligations under this Lease.

**ARTICLE 2. TERM.**

2.1 **Initial Term.** The period commencing on \_\_\_\_\_, 202\_ (the "Commencement Date") of the Initial Term and ending on the Expiration Date of the Initial Term, as it may be extended by the Extension Period pursuant to Article 12, is referred to in this Lease as the "Term."

The Term of this Lease shall commence on the Commencement Date of the Initial Term and expire on the Expiration Date of the Initial Term and expire on the Expiration Date of the Initial Term, subject to extension if Tenant exercises the Extension Option, and unless sooner terminated as provided elsewhere in this Lease. The date on which this Lease shall end shall be sometimes referred to herein as the "Termination Date."

2.2 Expiration Date of the Initial Term: The expiration date of the Initial Term shall be the last day of the fifth (5<sup>th</sup>) full calendar year following the Commencement Date.

2.3 Extension Option. Tenant shall have one (1) extension option to extend the Term. The extension option shall be for five (5) years, commencing on the expiration date of the Initial Term and ending on the last day of the fifth (5<sup>th</sup>) calendar year following such date, each to be exercised, if at all, in accordance with and subject to Article 12. For the extension option, the monthly rent for each succeeding lease year (12 months) shall be increased to an amount equal to the prior year's monthly Base Rent multiplied by 103%.

### **ARTICLE 3. RENT.**

3.1 Rent. Each Lease Year throughout the Term, Tenant shall pay to Landlord, in lawful money of the United States of America, without any prior demand by Landlord and without any deduction or set-off, as rent hereunder, a combination of Base Rent, and Additional Rent (as those terms are hereinafter defined and described). All such payments of Rent shall be made at the time, in the manner and in the amounts hereinafter specified in this Article 3 by check payable to Landlord mailed or delivered to Landlord at the address hereinabove specified or to such other person or at such other address as Landlord may hereafter designate by written notice to Tenant.

All Rent shall be made to Landlord at \_\_\_\_\_, or to such other individual or location as Landlord directs in writing. Monthly Rent payments shall be paid in advance and shall be due on the first day of each consecutive month. Each installment of Rent which is not paid when due or within a five (5) day grace period beyond any due date, shall pay a late fee of 5% of the monthly payment and the late payment shall bear interest at a rate of twelve percent (12%) per annum from the date when the same is payable under the terms of this Lease until the same shall be paid.

3.2 Base Rent. During the first year (12 months) of this Agreement Tenant shall pay Landlord monthly Base Rent of \$\_\_\_\_\_.00. The monthly rent shall be payable in advance on the first day of each month. The monthly rent for each succeeding lease year (12 months) shall be increased to an amount equal to the prior year's monthly Base Rent multiplied by 103%.

3.3 Additional Rent. During each month of this Lease Tenant shall pay to Landlord as Additional Rent all sums expended by Landlord (including attorney's fees) in satisfying an obligation of Tenant under this Lease or in enforcing the terms of this Lease, together with all late fees due hereunder.

3.4 Security Deposit. Tenant shall at the time this Lease is executed deposit with Landlord the sum of \$\_\_\_\_\_ which shall be held by Landlord (without interest) as a security deposit to partially secure faithful performance by Tenant of all of the covenants, conditions, and agreements in this Lease set forth and contained herein on the part of Tenant. Tenant agrees that the deposit



may be applied by the Landlord to cure any default that may exist. Landlord may apply the Security Deposit to cure the default without prejudice to any other remedy which Landlord may have on account thereof, and upon such application Tenant shall pay to Landlord on demand that amount so applied which shall then be added to the security deposit so that same may be restored to its original amount.

Landlord agrees that if Tenant shall faithfully perform and observe all of the covenants, conditions, and agreements in this Lease, then within thirty days of the Termination Date, the remaining balance of the sum deposited, less any portion previously applied, shall be returned to Tenant when Tenant vacates the Leased Premises and surrenders possession thereof to Landlord in satisfactory condition.

#### **ARTICLE 4. PURPOSE.**

4.1 Purpose. The Leased Premises shall be used and occupied by Tenant solely for the purpose of operating a restaurant and for no other use without Landlord's consent. Tenant shall not use or occupy the Leased Premises or permit the Leased Premises to be used or occupied, contrary to any statute, rule, order, ordinance, building code (including the ADA), covenants, government regulations or in any manner which would violate the Certificate of Occupancy relating to the Leased Premises. Tenant shall pay when due all taxes (including sales and use taxes) arising out of Tenant's business operations. Furthermore, Tenant shall not permit the Leased Premises to be used in such a way so as to cause structural injury to the Leased Premises or the improvements located thereon, to increase the rate of insurance thereon, or so as to cause a public or private nuisance. Tenant shall remain open for business on a continuous basis.

Tenant further agrees that it shall not use the Leased Premises or any portion of the Real Property on which the Leased Premises is located for the burial, dumping, storage, handling, transportation, treatment, use or disposal of any contaminants, pollutants, oil or other petroleum products, toxic substances, hazardous substances or hazardous wastes. The term hazardous substances or hazardous wastes shall include but not be limited to those substances or materials described in any applicable State or Federal environmental laws or regulations.

#### **ARTICLE 5. UTILITIES/TRASH REMOVAL/MONITORING/TAXES.**

5.1 Utility Services. Landlord shall not be obligated or required to furnish to Tenant any utility services of any kind whatsoever during the Lease Term (including, without limitation, electricity, telephone, cable, internet, alarm or security systems, natural gas, sanitary sewer, or potable water). Tenant shall and hereby agrees to make all appropriate applications and arrangements for utility services required to serve the Leased Premises, directly with those utility companies providing such utilities, and to pay all fees, changes and deposits and for all meters required by such utility companies as a condition to their providing such utility services to the Premises.

5.2 Payment for Utility Services. Tenant shall be solely liable and responsible for, and shall pay directly to such utility companies, all bills for utility services including, without limitation, water, electricity, gas, telephone, cable, internet, security or alarms, sewage, and refuse disposal or Bonita Bowls Standard Lease Agreement 0324

any other utility provided by them to and consumed and used on, at, in and from the Leased Premises, on or before the date due, in accordance with the payment instructions contained in such bills. Landlord shall have the right to pay any past due bills and shall be entitled to assess any charges therefor to Tenant as Additional Rent hereunder.

5.3 Interruption of Utility Services. Landlord shall have no liability or responsibility for any loss or damage occasioned by any interruption or failure in the supply of any utility services to the Leased Premises or occasioned by any required termination of such utility services necessary to effect repairs or improvements or occasioned by any other cessation of such utility services for any cause or reason. No such interruption, termination or cessation of utility services shall relieve Tenant of any of its duties and obligations pursuant to this Lease, including, without limitation, its obligation to pay all Rents as and when the same shall be due.

5.4 Trash Removal. Tenant shall remove trash and rubbish generated by Tenant in the ordinary course of the operation of Tenant's business in the Leased Premises and shall store trash in containers provided by Tenant in locations designated by Landlord. Tenant shall have trash removed at least once per week. Tenant shall pay on a timely basis the cost of all trash removal.

5.5 Taxes. Commencing on the Rent Commencement Date Tenant shall pay directly to the issuing body or to the Landlord, if a Landlord expense associated with the Taxes, on or before the date due, the Taxes. "Taxes" shall mean and include: (i) all taxes, assessments and other governmental charges, general and special, ordinary and extraordinary, of any kind and nature whatsoever, on all land, buildings and improvements (including the Premises), including, but not limited to, assessments for public improvements or benefits and all rental or rental use taxes related to the Premises assessed by any governmental authority whether measured by Tenant's gross rental payments or otherwise, which shall during the Term hereby demised be laid, assessed, levied, imposed upon or become due and payable and a lien upon the Premises or any part thereof; and (ii) Landlord's expenses and fees incurred in connection with contesting the validity of, or seeking a reduction in, or in seeking to prevent an increase in any such tax or assessment, or attempting to obtaining any refund thereof or reassessment in the value of the Premises or any portion thereof. All references to Taxes "for" a particular year shall be deemed to refer to Taxes paid or payable during such calendar year, as opposed to the real estate taxes and assessments levied, assessed or accrued with respect to such calendar year. Taxes for any partial months of the Term shall be prorated on the basis of the number of calendar days in that month. Tenant shall have the obligation to pay the Taxes for the last year of the Term prior to the due date for such Taxes and shall remain liable for all penalties assessed as a result of an untimely payment of any and all Taxes for the final year of the Term.

## **ARTICLE 6. SIGNS AND SIGNAGE.**

6.1 Building Signage. Landlord agrees that Tenant shall, at its expense, be permitted to reasonably identify and advertise Tenant's business by the placement upon the Building, such signs, symbols, words, names, logos, trademarks or other identifying features, graphics or advertising materials (collectively, "Signs") as are generally or customarily associated with Tenant, its business and/or its products and services; provided, however, that any and all of such Signs, and the number, size, color, arrangement, placement and location of the same upon said Building shall be subject at Bonita Bowls Standard Lease Agreement 0324

all times to the prior written consent and approval of Landlord and local municipalities. All Building Signs for Tenant's business shall be subject to Landlord's consent and all such signage must also comply with governmental laws and ordinances.

6.2 Maintenance of Signage. Tenant shall, and hereby agrees to keep and maintain, any and all Signs erected, placed or installed by it upon the Building or within the Leased Premises as may be approved by Landlord, including, without limitation, all mechanical and all electrical components thereof, in a neat, clean and orderly fashion and in good condition and repair. All damaged Signs and all burned out bulbs, new tubes and lighting of any kind shall be promptly repaired and replaced by Tenant, at its expense.

6.3 Removal of Signage. At the end of the Lease Term or earlier termination of this Lease, if requested by Landlord, Tenant shall, at its expense remove all of its signs from the Building and, upon removal thereof, at its expense, repair any damage to the Premises and said Building (including the façade thereof) caused by such removal.

## **ARTICLE 7. CONDITION AND UPKEEP OF LEASED PREMISES.**

7.1 Condition of Leased Premises. Tenant certifies that it has inspected the Leased Premises and accepts same in its existing "AS-IS" condition. No other repair work, alterations or remodeling of the Leased Premises is required to be done by Landlord as a condition of this Lease.

7.2 Maintenance and Repairs by Tenant. Tenant agrees that it will, at its own cost and expense, keep the interior of the Premises and the appurtenances thereto, including without limitation the heating and air conditioning systems, toilets, plumbing lines, sprinkler system, windows, glass, electric lines, fixtures, store front and equipment, in good condition and repair, making such replacements as may be necessary from time to time. Tenant shall be responsible for all repairs necessary to keep the Premises and the appurtenances thereto in good order and condition. Landlord hereby assigns all available warranties, if any, to Tenant for systems which Tenant is required to maintain, and shall upon request provide copies of same to Tenant.

Tenant shall store all trash, rubbish and garbage in fully-closed containers at the rear of the Premises. Tenant shall not burn or otherwise dispose of any trash, waste, rubbish or garbage in or about the Premises, and Tenant shall pay all costs incident to the removal thereof. In the event that Landlord elects to provide refuse containers, Tenant agrees that it shall pay its share of the cost of the container and disposal of the refuse. Tenant shall arrange for its own disposal of any medical or dental waste pursuant to applicable laws and regulations at Tenant's sole cost and expense.

In connection with the requirements of this Section, Tenant agrees to obtain and maintain from a reputable company a semi-annual maintenance contract on the heating and air conditioning systems and to furnish Landlord with a copy of said contract on the Commencement Date. Tenant shall also be responsible for the replacement of heating and air conditioning systems.

Tenant agrees that it will, at Tenant's expense, comply with any mandatory preventative

maintenance items required by insurance carriers, rating authorities or public officials to minimize loss frequency and/or severity within the Premises.

Tenant shall keep the Premises free from insects, pests and vermin of all kind and for that purpose Tenant shall use, at Tenant's cost, such pest extermination contractor as Landlord may direct and at such intervals as Landlord may reasonably require.

Sprinkler systems solely servicing the Premises shall be maintained by Tenant at Tenant's sole expense. Such maintenance shall include, but not be limited to, inspections conducted at least once per calendar year of the Term and any and all maintenance, whether preventative or otherwise. In the event Tenant fails to fulfill its obligation as set forth in this Section, Landlord shall have the right but not the obligation to perform those duties and bill Tenant for all costs incurred in the course of such performance.

Tenant shall be responsible for all maintenance or repairs wholly or partially caused by the negligence or fault of Tenant or any of its agents, visitors or licensees, or by Tenant's breach of any provision of this Agreement.

If Tenant does not make the repairs or perform the maintenance required hereunder in a prompt and adequate manner, then Landlord may make such repairs or perform such maintenance and pay the costs thereof, and such costs shall be so much Additional Rent which shall become immediately due and payable by Tenant to Landlord.

7.3 Surrender of the Leased Premises. Upon the termination of this Lease whether by forfeiture, lapse of time, or otherwise, or upon the termination of Tenant's rights to possession of the Leased Premises, Tenant will at once surrender and deliver up to Landlord, possession of the Leased Premises, together with all improvements thereon in good condition and repair, ordinary wear and tear excepted. Said improvements shall include all plumbing, lighting, electrical, heating, cooling and ventilating fixtures and equipment and other articles of personal property used in the operation of the Leased Premises (as distinguished from trade fixtures which are used in the operation of Tenant's business). All additions, hardware, non-trade fixtures and improvements to the Leased Premises shall become Landlord's property and shall remain upon the Leased Premises, without compensation to Tenant, unless Landlord requests their removal in writing. Upon termination of this Lease the Tenant agrees to deliver to Landlord all of the keys to the Leased Premises.

The Tenant may remove Tenant's trade fixtures from the Leased Premises provided, however, that Tenant shall repair any injury to or damage to the Leased Premises caused by the removal of said trade fixtures. In the event that Tenant fails to remove said trade fixtures, Landlord may, at its option, remove the same and deliver the same to any other place of business of Tenant or warehouse the same and Tenant shall be responsible for paying the cost of said removal including the cost of repairing any damage to the Leased Premises resulting from such removal, delivery and warehousing, to Landlord on demand.

7.4 Holding Over. Any holding over by Tenant of the Leased Premises after the expiration of this Lease shall operate and be construed to be a tenancy from month to month only at Bonita Bowls Standard Lease Agreement 0324

the same monthly rate of rent and other charges payable hereunder for the Lease Term. If Tenant continues to hold over after a written demand by Landlord for possession at the expiration of the Lease Term or after termination by either party of a month to month tenancy created pursuant to this paragraph, then Tenant shall pay Monthly Rent at a rate equal to double the rate of Monthly Rent for the month immediately prior to the hold over period. Nothing contained in this section shall be construed to give Tenant a right to hold over at any time, and Landlord may exercise any and all remedies at law or in equity to recover possession of the Leased Premises.

7.5 Mechanic's Liens. Tenant will not permit any mechanic's lien or liens (other than those caused by the acts of Landlord) to be placed upon the Leased Premises or the Real Property or any building or improvement thereon during the term hereof, and in case of filing of any such lien, Tenant shall promptly pay for same. If Tenant fails to promptly pay for any such lien, Landlord, at its option, may pay for said lien and any amounts so paid, including expenses and interest, shall become so much Additional Rent hereunder due from Tenant to Landlord and shall be paid to Landlord immediately.

7.6 Alterations. Tenant shall not make any changes or alterations to the Leased Premises, without first obtaining the Landlord's written consent, which consent shall not be unreasonably withheld. Upon the completion of any such changes or alterations, Tenant shall provide Landlord with such documents as Landlord may require (including, without limitation, Sworn Contractor's Statements and supporting lien waivers) evidencing payment in full for such work. Any such changes or alterations must be made in accordance with applicable building codes or other governmental regulations.

## **ARTICLE 8. INSURANCE.**

As Additional Rent, Tenant shall procure and maintain, during the term of this Lease, policies of insurance at Tenant's own cost and expense insuring the following:

1. Landlord and Tenant from all claims, demands or actions for injury to or death of any person in an amount of not less than \$2,000,000.00, for injury to or death of more than one person in any one occurrence in an amount of not less than \$2,000,000.00, and for damage to property in an amount of not less than \$1,000,000.00 made by, or on behalf of, any person or persons, firm or corporation arising from related to, or connected with Tenant's use or occupancy of the Leased Premises.
2. Landlord and Tenant from all worker's compensation claims;
3. All contents, and all of Tenant's personal property and trade fixtures, machinery, equipment and furniture and furnishings contained in the Leased Premises to the extent of at least ninety percent (90%) of their replacement cost under the standard fire and extended coverage insurance, including, without limitation to, vandalism and malicious mischief and sprinkler leakage endorsements.

The aforesaid insurance shall be issued by companies and in form, substance, and amount (where not stated above) satisfactory to Landlord and any mortgagee of Landlord, and shall contain standard mortgage clauses satisfactory to Landlord's mortgagee. Each such policy shall name Landlord and its individual Members as additional insureds. The aforesaid insurance shall not be subject to cancellation except after at least thirty (30) days prior written notice to Landlord and any mortgagee of Landlord. The original policies (or certificates thereof satisfactory to Landlord) together with satisfactory evidence of payment of the premiums thereon, shall be deposited with Landlord at the commencement date and renewals thereof not less than thirty (30) days prior to the end of the term of such coverage. If Tenant fails to pay the premiums on any of said insurance policies, Landlord may at its option pay said premiums and any payments made by Landlord shall constitute Additional Rent which shall become immediately due and payable.

#### **ARTICLE 9. INDEMNITY FOR ACCIDENTS.**

Tenant covenants and agrees that it will protect and save and keep the Landlord forever harmless and indemnified against any penalty or damages or charges imposed for any violation of any laws or ordinances, or any civil claim, whether occasioned by the neglect of Tenant or those holding under Tenant, but not for any actions or inactions of the Landlord or its agents, servants or employees, and pursuant to said obligation, Tenant will at all times protect, indemnify and save and keep harmless the Landlord against and from any and all loss, costs, damage or expense, including attorney's fees, arising out of and from any accident or other occurrence on or about the Leased Premises causing injury to any person or property whomsoever or whatsoever and will protect, indemnify, and save and keep harmless the Landlord against and from any and all claims and against and from any and all loss, costs, damage or expense arising out of any failure of Tenant in any respect to comply with and perform all of the requirements and provisions hereof.

Likewise, Landlord covenants and agrees that it will protect and save Tenant harmless and indemnified against any penalty or damages or charges imposed as a result of Landlord's grossly negligent or unlawful conduct.

#### **ARTICLE 10. FIRE AND CASUALTY.**

In the event that the Leased Premises shall be rendered substantially untenable or unsuitable for Tenant's purposes during the term of this Lease by fire or other casualty, Landlord at its option may terminate this Lease or repair the Leased Premises within a reasonable time period thereafter. If Landlord elects to repair, this Lease will remain in effect provided that such repairs are completed in a timely manner. If this Lease is terminated by reason of fire or casualty as herein specified, Monthly Rent shall be apportioned and paid to the day of such fire or other casualty. During any time period that the premises is untenable, rent will abate if the cause of the casualty is not the result of Tenant's negligent acts or omissions.

Whenever (a) any loss, cost, damage or expense resulting from fire, explosion or any other casualty or occurrence is incurred by either of the parties to this Lease in connection with the Leased Premises, and (b) such party is then covered in whole or in part by insurance with respect to such loss, cost, damage or expense, then the party so insured hereby releases the other party from any liability

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it may have on account of such loss, cost, damage or expense to the extent of any amount recovered by reason of such insurance and waives any right of subrogation which might otherwise exist in or accrue to any person on account thereof, provided that such release of liability and waiver of the right of subrogation shall not be operative in any case where the effect thereof is to invalidate such insurance coverage or increase the cost thereof.

#### **ARTICLE 11. MISCELLANEOUS PROVISIONS.**

11.1 Subordination. This Lease is subordinate and shall be subordinate to any and all mortgages which may now or hereafter affect the Leased Premises.

11.2. Assignment and Subletting. Tenant shall not, without Landlord's prior written consent, assign, convey or mortgage this Lease or any interest in the Leased Premises or sublet any and all or part of the Leased Premises.

11.3 Abandonment and Reletting. If Tenant shall abandon or vacate the Leased Premises, or if Tenant's right to occupy the Leased Premises shall be terminated by Landlord by reason of Tenant's breach of any of the covenants herein, the same may be relet by Landlord (acting reasonably) for such rent and upon such terms as Landlord may deem fit, and if a sufficient sum shall not thus be realized monthly, after paying expenses of such reletting and collecting to satisfy the rent hereby reserved, Tenant agrees to satisfy and pay all deficiencies monthly during the remaining term of this Lease.

11.4 Rights Reserved to Landlord. During the term of this Lease the Landlord shall possess the following rights:

1. To inspect the Leased Premises upon reasonable notice to Tenant, and to make repairs, additions or alterations to the Leased Premises;
2. In the event of an emergency to enter the Leased Premises without notice to Tenant and to take any reasonable steps necessary in order to eliminate said emergency.
3. During the last six (6) months of the Lease Term, to place and maintain a "For Rent" or, at any time, a "For Sale" sign on the Leased Premises; and
4. To show the Leased Premises to prospective purchasers, mortgagees or other persons having a legitimate interest in viewing the same.

11.5 Default.

In the event that Tenant defaults on any of the covenants or provisions contained in this Lease, Landlord at its election may terminate this Lease or terminate Tenant's right to possession only, without terminating the Lease. Upon termination of this Lease or Tenant's right of possession, Landlord may re-enter the Leased Premises without process of law and remove all persons, fixtures, and property therefrom and Landlord shall not be liable for any damages resulting therefrom. Upon Bonita Bowls Standard Lease Agreement 0324

the termination of the Lease, or upon termination of Tenant's right of possession without termination of the Lease, the Tenant shall surrender possession and vacate the Leased Premises immediately, and deliver possession thereof to the Landlord, and hereby grants to Landlord the full and free right to enter upon the Leased Premises and to repossess the Leased Premises as Landlord's former estate and to expel or remove the Tenant and any others who may be occupying or within the Leased Premises without relinquishing the Landlord's rights to rent or any other right given to Landlord hereunder or by operation of law.

In the event that Tenant breaches any of the provisions or covenants of this Lease, Landlord shall be entitled to recover as damages, all rent and other sums due and payable by Tenant as well as the cost of performing any covenants to be performed by Tenant. Furthermore, Landlord shall be entitled to recover any court costs or attorney's fees incurred as a result of Tenant's breach. In the event of Tenant's breach, Landlord shall have the right to apply any and all of the Security Deposit held hereunder toward any monies owed by Tenant.

The rights and remedies of Landlord under this Lease are cumulative. The exercise or use of any one or more thereof shall not bar the Landlord from exercise or use of any other right or remedy provided herein or otherwise provided by law, nor shall the exercise nor the use of any right or remedy by Landlord waive any other right or remedy.

11.6 Waiver of Jury Trial. The parties hereto shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Leased Premises, and/or any claim or injury or damage.

11.7 Successors. All covenants and agreements contained herein shall be binding upon and inure to, the respective rights of Landlord or Tenant or their successors, heirs, executors, administrators or assigns.

11.8 Severability. Wherever possible each provision of this Lease will be interpreted in a manner so as to be effective and valid under applicable law, but if any provision of this Lease shall be prohibited by or be held invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Lease.

11.9 Estoppel Certificates. Tenant shall from time to time, upon not less than ten (10) days prior written request from Landlord, execute, acknowledge and deliver to Landlord in a form reasonably satisfactory to Landlord or Landlord's mortgagee, a written statement certifying, if true, that Tenant has accepted the Leased Premises, that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), that the Landlord is not in default hereunder, the date to which the rental or other charges have been paid in advance, if any, or such other accurate certification as may be reasonably required by Landlord or Landlord's mortgagee. It is intended that any such statement



delivered pursuant to this section may be relied upon by any prospective purchaser or mortgagee of the Leased Premises, and their respective successors and assigns.

11.10 Amendments. None of the covenants, terms or conditions of this Lease, to be kept and performed by either party shall in any manner be altered, waived, modified, changed or abandoned except by a written instrument, duly signed, acknowledged and delivered by both parties.

11.11 Notices. All notices or demands upon Landlord or Tenant desired or required to be given hereunder shall be in writing and shall be deemed to have been duly and sufficiently given if a copy thereof has been mailed by United States registered or certified mail in an envelope properly stamped and addressed as follows:

As to Landlord:

As to Tenant:

or at such other address or by such other means as either party designates by proper notice to the other party. The effective date of such notice shall be one day after delivery of the same to the United States Postal Service.

11.12 Time is of the Essence. Time is of the essence of this Lease and all provisions relating thereto shall be strictly construed.

11.13 Captions. The captions of this Lease are for convenience only and are not to be construed as part of the Lease and shall not be construed as defining or limiting in any way the scope or intent of the provisions hereof.

11.14 Law Applicable. This Lease is executed in \_\_\_\_\_ County, \_\_\_\_\_, and shall be construed and enforced in accordance with the laws of the State of \_\_\_\_\_.

11.15 Real Estate Brokers. Tenant and Landlord warrant that they had no dealings with any broker or agent in connection with this Lease.

11.16 Pets. No pets are allowed on or within the Leased Premises.

11.17 No Smoking. Smoking of any kind or type, including without limitation, cigarettes, cigars, pipes, other tobacco products, or illegal substances is prohibited on or within the Leased Premises.

11.18 Bicycles. Tenant shall not permit any bicycles, motorcycles, mopeds or other vehicles to be brought in or kept in or about the Leased Premises. All bicycles and other motorized vehicles shall be parked in the parking lot outside of the Leased Premises.

11.19 Mailbox. Landlord is permitted to install a mailbox inside the entry way of the Leased  
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premises at Landlord's expense and Landlord shall be granted reasonable access thereto.

11.20 Fire Protection. Tenant shall be responsible for the installation and/or maintenance of smoke detectors and carbon monoxide detectors within the Leased Premises and for any additional expenditures related to fire prevention required by law or code.

11.21 Removal of Existing Signage. Tenant shall be responsible for the removal of any existing signage on the exterior of the Leased Premises and any repairs required as a result at Tenant's expense. Said repairs shall include, but are not limited to, filling any holes and painting.

## **ARTICLE 12. EXTENSION OPTIONS.**

12.1 Extension Options: Exercise. Provided that \_\_\_\_\_, a(n) \_\_\_\_\_, has not assigned this Lease or sublet any or all of the Premises (it being intended that all rights pursuant to this provision are and shall be personal to the original Tenant under this Lease and shall not be transferable or exercisable for the benefit of any Transferee), and provided that Tenant is then open and operating for business in the Premises in accordance with this Lease and is not in default under this Lease at the time of exercise or at any time thereafter until the beginning of any such extension of the Term, Tenant shall have one (1) option (the "Extension Option") to extend the Term for an additional consecutive period of five (5) years, by giving written notice to Landlord of the exercise of any such Extension Option at least one hundred eighty (180) days prior to the Expiration Date of the Initial Term. The exercise of an Extension Option by Tenant shall be irrevocable and shall cover the entire Premises leased by Tenant pursuant to this Lease. Upon such exercise, the Term of this Lease shall automatically be extended for the Extension Period without the execution of any further instrument by the parties; provided that Landlord and Tenant shall, if requested by either party, execute and acknowledge an instrument confirming the exercise of the Extension Option. An Extension Option shall terminate if not exercised precisely in the manner provided herein. Any extension of the Term shall be upon all the terms and conditions set forth in this Lease and all Exhibits thereto, except that: (i) Tenant shall have no further option to extend the Term of this Lease except as set forth in this Section 12.1; and (ii) Landlord shall not be obligated to contribute any funds toward the cost of any remodeling, renovation, alteration, or improvement work in the Premises, regardless of whether Landlord has agreed to provide a tenant improvement allowance to Tenant with respect to the Initial Term or any prior period.

IN WITNESS WHEREOF, the parties have executed and delivered this Lease as of the day and year first written above.

LANDLORD:

TENANT:

By: \_\_\_\_\_  
Name:  
Its:

By: \_\_\_\_\_  
Name:  
Its:

## EXHIBIT A TO STANDARD LEASE AGREEMENT

### FORM OF GUARANTY

This Guaranty is made as of \_\_\_\_\_, 20\_\_, by \_\_\_\_\_, being all members or shareholders of Tenant (collectively, the "Guarantor(s)"), in favor of \_\_\_\_\_, a(n) \_\_\_\_\_ ("Landlord") with respect to that certain Lease, dated as of \_\_\_\_\_, 20\_\_ (the "Lease"), by and between Landlord and \_\_\_\_\_, a(n) \_\_\_\_\_ ("Tenant"), covering and describing \_\_\_\_\_ Premises (the "Premises") located at \_\_\_\_\_.

Guarantor(s) have agreed to guarantee the obligations of Tenant under the Lease, and the execution of this Guaranty is a condition of, and a material inducement to, Landlord entering into the Lease. Therefore, Guarantor(s) hereby unconditionally guarantee the prompt, full and complete performance of all of the obligations of Tenant under the Lease. If Tenant at any time fails to make any payment under the Lease when due or fails to perform to comply with any covenant, condition, agreement or term of the Lease, Guarantor(s) shall, upon notice from Landlord and without further demand, pay, perform or comply with the same in the same manner and to the same extent as is required of Tenant. Guarantor understands and acknowledges that the Lease may, and likely will, be amended or modified from time to time by agreement of Landlord and Tenant and that this may be done without notice to or approval of Guarantor(s), it being understood that Guarantor(s) are relying solely on Tenant to protect its interests in connection with such matters. Guarantor(s) hereby waive any suretyship rights or defenses that may be available to Guarantor(s) and agrees that:

The Lease may be assigned, modified or amended in whole or in part or the Premises may be sublet in whole or in part without notice to Guarantor(s) and without releasing Guarantor(s) or affecting Guarantor(s)' obligations under this Guaranty in any way.

Landlord may, from time to time, and without notice to Guarantor(s), release any security that Landlord may have for the obligations of Tenant under the Lease or accept security therefor; add, substitute or release guarantors; or compromise or settle any amount due or owing; or claimed to be owing under the Lease; and no such action by Landlord or any other action which Landlord may take or omit in connection with the Lease shall affect this Guaranty or Guarantor(s)' obligations in any way.

Guarantor(s) expressly waive notice of acceptance of this Guaranty and diligence of collecting any sums due under the Lease or the taking of any action with reference to any default under the Lease or to any liability under this Guaranty.

Landlord has no duty to disclose to Guarantor(s) any information it receives regarding the financial status of Tenant, whether or not such information indicates that the risk of Guarantor(s) under this Guaranty has been or may be increased. Guarantor(s) assume full responsibility for being and keeping informed of Tenant's financial condition, Tenant's performance under the Lease, and Tenant's use and operation of the Premises.

Guarantor(s) hereby subordinate all claims for payment of any indebtedness of Tenant to Guarantor(s), if any, to Landlord's right to receive payment from Tenant of all sums due under the Lease and waives any rights it may have to participate in any security for the Lease or to enforce any remedy which Landlord may have against Tenant or any other person or entity that may now or hereafter be liable on the Lease.

The obligations of Guarantor(s) under this Guaranty are independent of the obligations of Tenant, and Landlord may directly enforce its rights under this Guaranty without proceeding against or joining Tenant or any other guarantor of the Lease, and without applying or enforcing any security for the Lease.

In the event any payment by Tenant to Landlord is held to constitute a preference, fraudulent conveyance or similar voidable payment under any law now or hereafter in effect, and is rescinded or otherwise required to be returned by Landlord, such payment by Tenant to Landlord shall not constitute a release of Guarantor(s) from any liability hereunder and this Guaranty shall continue to be effective or shall be reinstated, as the case may be, to the extent of any such payment or payments.

Guarantor(s) agree to indemnify Landlord for all costs and expenses, including court costs and attorneys' fees, incurred or paid by Landlord in enforcing this Guaranty and the Lease.

This Guaranty shall inure to the benefit of any person or persons, entity or entities who at any time may be entitled to the benefits and obligated to perform the duties of Landlord under the Lease and shall be binding upon the heirs, administrators, successors and assigns of Guarantor(s).

This Guaranty is the final, complete, and exclusive statement of the terms of the agreement between the parties pertaining to Guarantor(s)' guarantee of the Lease and supersedes any and all prior or contemporaneous understandings, agreements, representations or communications between or among the parties, either oral or written, concerning this Guaranty.

This Guaranty shall be construed in accordance with the fair meaning of the language used. No rule of construction to the effect that ambiguities are to be resolved against the drafting party shall apply in interpreting this Guaranty.

This Guaranty may not be changed orally, and no obligation of Guarantor(s) can be released or waived except by a writing signed by Landlord.

If any term or provision of this Guaranty is ever determined to be illegal or unenforceable, all other terms and provisions of this Guaranty shall remain effective and enforceable to the fullest extent permitted by law.

This Guaranty and the rights and obligations of Guarantor(s) and Landlord under this Guaranty shall be governed by and construed in accordance with the laws of the State of \_\_\_\_\_, excluding its conflicts of law principles.

If this Guaranty is executed by two or more individuals, corporations or other entities, then the liability of each such individual, corporation or entity to perform all of the obligations hereunder shall be deemed to be joint and several.

IN WITNESS WHEREOF, the Guaranty has been executed by Guarantor(s), effective as of \_\_\_\_\_, 2022.

***GUARANTOR:***

\_\_\_\_\_  
Name: [ \_\_\_\_\_ ]

Address of Guarantor:

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

**EXHIBIT D**  
**FINANCIAL STATEMENTS**

BB FRANCHISOR LLC

Balance Sheet as of December 31, 2023

TOGETHER WITH INDEPENDENT ACCOUNTANT AUDIT REPORT



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## INDEPENDENT ACCOUNTANT AUDIT REPORT

To the Management of BB FRANCHISOR LLC

### **Opinion**

We have audited the financial statements of BB FRANCHISOR LLC (the “Company”), which comprise the Balance Sheet as of December 31, 2023, and the related notes for the period then ended. (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023, and the results of its operations and its cash flows for the period ended December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 the Company 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 of material misstatement, whether due to fraud or error.

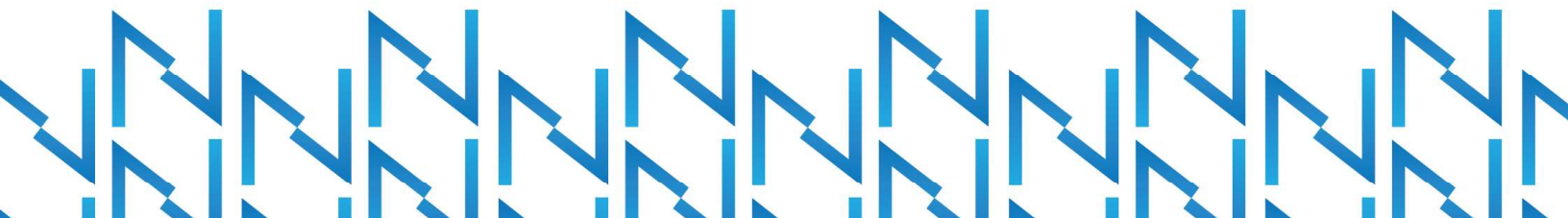
In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date that the financial statements are available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

### **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 of 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.



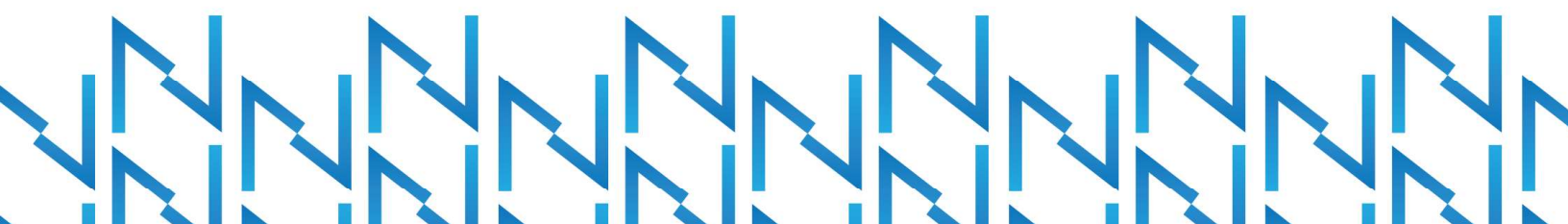
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate 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 the Company'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.



Omar Alnuaimi, CPA

Naperville, IL  
February 19, 2024



**BB FRANCHISOR LLC**  
**BALANCE SHEET**  
**AS OF DECEMBER 31, 2023**

---

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$102,155
TOTAL CURRENT ASSETS	<u>102,155</u>

**NON-CURRENT ASSETS**

Intangible Assets	15,112
TOTAL NON-CURRENT ASSETS	<u>15,112</u>

TOTAL ASSETS	<u><u>117,267</u></u>
--------------	-----------------------

**LIABILITIES AND OWNER'S EQUITY**

**CURRENT LIABILITIES**

Company Credit Card	2,834
TOTAL CURRENT LIABILITIES	<u>2,834</u>

**NON-CURRENT LIABILITIES**

Due to Related Party	160,667
TOTAL NON-CURRENT LIABILITIES	<u>160,667</u>

TOTAL LIABILITIES	<u>163,501</u>
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**OWNER'S EQUITY**

Retained Earnings (Deficit)	(46,234)
TOTAL SHAREHOLDERS' EQUITY	<u>(46,234)</u>

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>\$117,267</u></u>
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*See Independent Accountant's Audit Report and accompanying notes, which are an integral part of these financial statements.*

BB FRANCHISOR LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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**NOTE A – ORGANIZATION AND NATURE OF ACTIVITIES**

BB FRANCHISOR LLC (the “Company”) principal business is to sell franchise rights of the restaurant name Bonita Bowls and collect royalties from revenue generated by the franchise rights sold. The business has trademarks pending which will license these rights for use for franchisees. Royalties plan to be collected weekly on gross revenue generated by each franchisee. The business was established as an Illinois limited liability company on December 13, 2022.

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

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). As a result, the Company records revenue when earned and expenses when incurred. The Company has adopted the calendar year as its basis of reporting.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosures of contingent assets and liabilities and other items, as well as the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and any cash equivalents include all cash balances, and highly liquid investments with maturities of three months or less when purchased.

Revenue Recognition

Revenues are primarily derived from franchise fees (one-time and recurring monthly fees). In accordance with Accounting Standards Codification (ASC) Topic 606, Revenue will be recognized when persuasive evidence of an arrangement exists, delivery has occurred, or services have been rendered, the seller’s price to the buyer is fixed or determinable, and collectability is reasonable assured. The determination of whether fees are fixed or determinable and collection is reasonable assured involves the use of assumptions. Arrangement terms and customer information are evaluated to ensure that these criteria are met prior to recognition of revenue.

Specifically for franchisors, The Financial Accounting Standards Board (FASB) has issued an Accounting Standards Update (ASU) to ASC 606, Franchisors—’Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient’ in 2022 which provides a new practical expedient that permits private company franchisors to account for preopening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the guidance. The Company has elected to adopt this new standard.

BB FRANCHISOR LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

---

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

Unearned Revenue

The Company's primary performance obligation under the franchise agreement mainly includes granting certain rights to access the Company's intellectual property and a variety of activities relating to opening a franchise unit, including initial training and other such activities commonly referred to collectively as "pre-opening activities", which are recognized as a single performance obligation. The Company expects that certain pre-opening activities provided to the franchisee will not be brand specific and will provide the franchisee with relevant general business information that is separate and distinct from the operation of a company-branded franchise unit. The portion of pre-opening activities that will be provided that is not brand specific is expected to be distinct as it will provide a benefit to the franchisee and is expected not to be highly interrelated or interdependent to the access of the Company's intellectual property, and therefore will be accounted for as a separate distinct performance obligation. All other pre-opening activities are expected to be highly interrelated and interdependent to the access of the Company's intellectual property and therefore will be accounted for as a single performance obligation, which is satisfied by granting certain rights to access the Company's intellectual property over the term of each franchise agreement.

The Company estimates the stand-alone selling price of pre-opening activities using an adjusted market assessment approach. The Company will first allocate the initial franchise fees and the fixed consideration, under the franchise agreement to the stand-alone selling price of the training services that are not brand specific and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to pre-opening activities, which are not brand specific are recognized ratably as those services are rendered. Consideration allocated to pre-opening activities included under Accounting Standards Update (ASU) to ASC 606, Franchisors—'Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient' is recognized when the related services have been rendered.

The remaining franchisee fee not allocated to pre-opening activities are recorded as Unearned Revenue and will be recognized over the term of the franchise agreement.

Income Taxes

The Company, with the consent of its shareholders, has elected to be an S-Corporation (for tax purposes). In lieu of corporate income taxes, the shareholder(s) of an S-Corporation is taxed based on its proportionate share of The Company's taxable income. Therefore, no provision or liability for income taxes has been included in these financial statements.

Commitments and Contingencies

The Company may be subject to pending legal proceedings and regulatory actions in the ordinary course of business. The results of such proceedings cannot be predicted with certainty, but the Company does not anticipate that the final outcome, if any, arising out of any such matter will have a material adverse effect on its business, financial condition or results of operations. As of December 31, 2023, the Company has not reported any lawsuit or known plans of litigation by or against the Company.

BB FRANCHISOR LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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**NOTE C – RELATED PARTY LOANS**

The Company has loans from various related parties in the amount of \$160,767. These loans are executed with four separate related entities, all of which are majority owned by the sole shareholder of The Company. These loans have no stated interest rate and repayment will commence upon the generation of future positive cashflows by The Company.

**NOTE D – CONCENTRATIONS OF RISK**

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company places its cash and any cash equivalents with a limited number of high-quality financial institutions and do not exceed the amount of insurance provided on such deposits.

**NOTE E – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 19, 2024, the date on which the financial statements were available to be issued. Management has determined that none of the events occurring after the date of the balance sheet through the date of Management's review substantially affect the amounts and disclosure of the accompanying financial statements.

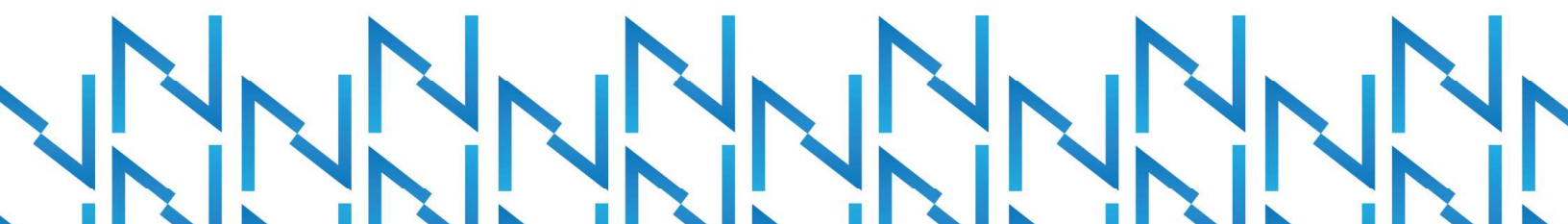
**CONSENT**

Omar Alnuaimi, CPA, consents to the use in the Franchise Disclosure Document issued by BB FRANCHISOR LLC (“Franchisor”) on February 20, 2024, as it may be amended, of my report dated February 19, 2024, relating to the Balance Sheet as of December 31, 2023, of Franchisor.



Omar Alnuaimi, CPA

Naperville, IL  
February 20, 2024





BB FRANCHISOR LLC

Balance Sheet as of January 1, 2023

TOGETHER WITH INDEPENDENT ACCOUNTANT AUDIT REPORT

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## INDEPENDENT ACCOUNTANT AUDIT REPORT

To the Management of BB FRANCHISOR LLC

### **Opinion**

We have audited the financial statements of BB FRANCHISOR LLC (the “Company”), which comprise the Balance Sheet as of January 1, 2023, and the related notes for the period then ended. (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at January 1, 2023, and the results of its operations and its cash flows for the period ended January 1, 2023, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 the Company 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 of material misstatement, whether due to fraud or error.

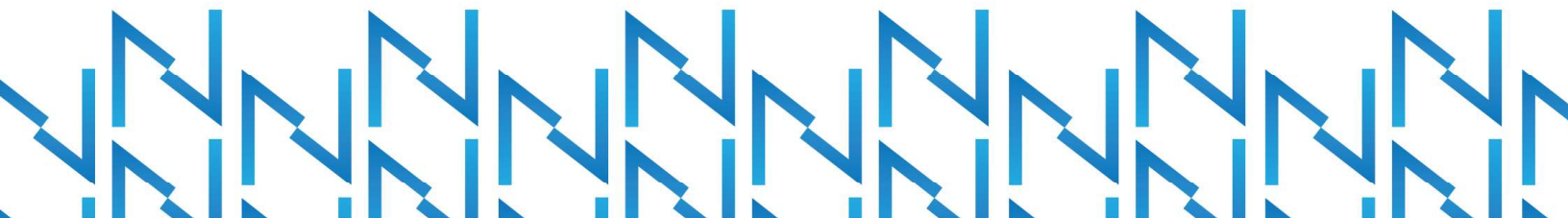
In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date that the financial statements are available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

### **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 of 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.



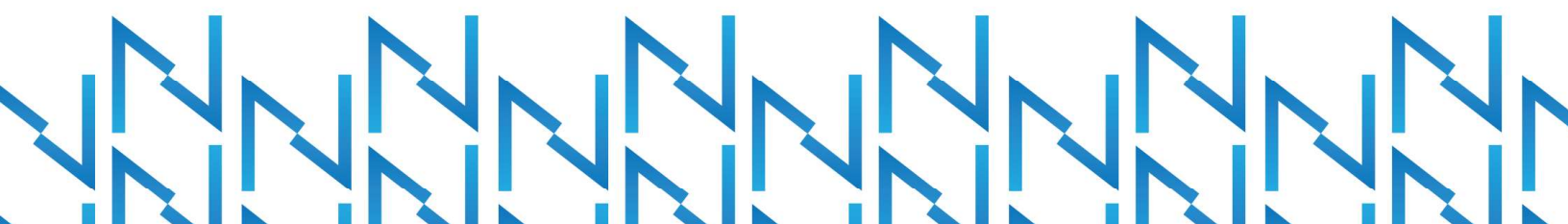
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate 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 the Company'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.



Omar Alnuaimi, CPA

Naperville, IL  
February 19, 2024



**BB FRANCHISOR LLC**  
**BALANCE SHEET**  
**AS OF JANUARY 1, 2023**

---

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 15,000
TOTAL CURRENT ASSETS	<u>15,000</u>

**NON-CURRENT ASSETS**

Intangible Assets	14,000
TOTAL NON-CURRENT ASSETS	<u>14,000</u>

TOTAL ASSETS	<u><u>29,000</u></u>
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**LIABILITIES AND OWNER'S EQUITY**

**CURRENT LIABILITIES**

TOTAL CURRENT LIABILITIES	<u>-</u>
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**NON-CURRENT LIABILITIES**

Long-Term Debt	14,000
TOTAL NON-CURRENT LIABILITIES	<u>14,000</u>

TOTAL LIABILITIES	<u>14,000</u>
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**OWNER'S EQUITY**

Retained Earnings (Deficit)	15,000
TOTAL SHAREHOLDERS' EQUITY	<u>15,000</u>

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>\$ 29,000</u></u>
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*See Independent Accountant's Audit Report and accompanying notes, which are an integral part of these financial statements.*

BB FRANCHISOR LLC  
NOTES TO FINANCIAL STATEMENTS  
JANUARY 1, 2023

---

**NOTE A – ORGANIZATION AND NATURE OF ACTIVITIES**

BB FRANCHISOR LLC (the “Company”) principal business is to sell franchise rights of the restaurant name Bonita Bowls and collect royalties from revenue generated by the franchise rights sold. The business has trademarks pending which will license these rights for use for franchisees. Royalties plan to be collected weekly on gross revenue generated by each franchisee. The business was established as an Illinois limited liability company on December 13, 2022.

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

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). As a result, the Company records revenue when earned and expenses when incurred. The Company has adopted the calendar year as its basis of reporting.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosures of contingent assets and liabilities and other items, as well as the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and any cash equivalents include all cash balances, and highly liquid investments with maturities of three months or less when purchased.

Revenue Recognition

Revenues are primarily derived from franchise fees (one-time and recurring monthly fees). In accordance with Accounting Standards Codification (ASC) Topic 606, Revenue will be recognized when persuasive evidence of an arrangement exists, delivery has occurred, or services have been rendered, the seller’s price to the buyer is fixed or determinable, and collectability is reasonable assured. The determination of whether fees are fixed or determinable and collection is reasonable assured involves the use of assumptions. Arrangement terms and customer information are evaluated to ensure that these criteria are met prior to recognition of revenue.

Specifically for franchisors, The Financial Accounting Standards Board (FASB) has issued an Accounting Standards Update (ASU) to ASC 606, Franchisors—’Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient’ in 2022 which provides a new practical expedient that permits private company franchisors to account for preopening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the guidance. The Company has elected to adopt this new standard.

BB FRANCHISOR LLC  
NOTES TO FINANCIAL STATEMENTS  
JANUARY 1, 2023

---

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

Unearned Revenue

The Company's primary performance obligation under the franchise agreement mainly includes granting certain rights to access the Company's intellectual property and a variety of activities relating to opening a franchise unit, including initial training and other such activities commonly referred to collectively as "pre-opening activities", which are recognized as a single performance obligation. The Company expects that certain pre-opening activities provided to the franchisee will not be brand specific and will provide the franchisee with relevant general business information that is separate and distinct from the operation of a company-branded franchise unit. The portion of pre-opening activities that will be provided that is not brand specific is expected to be distinct as it will provide a benefit to the franchisee and is expected not to be highly interrelated or interdependent to the access of the Company's intellectual property, and therefore will be accounted for as a separate distinct performance obligation. All other pre-opening activities are expected to be highly interrelated and interdependent to the access of the Company's intellectual property and therefore will be accounted for as a single performance obligation, which is satisfied by granting certain rights to access the Company's intellectual property over the term of each franchise agreement.

The Company estimates the stand-alone selling price of pre-opening activities using an adjusted market assessment approach. The Company will first allocate the initial franchise fees and the fixed consideration, under the franchise agreement to the standalone selling price of the training services that are not brand specific and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to pre-opening activities, which are not brand specific are recognized ratably as those services are rendered. Consideration allocated to pre-opening activities included under Accounting Standards Update (ASU) to ASC 606, Franchisors—'Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient' is recognized when the related services have been rendered.

The remaining franchisee fee not allocated to pre-opening activities are recorded as Unearned Revenue and will be recognized over the term of the franchise agreement.

Income Taxes

The Company, with the consent of its shareholders, has elected to be an S-Corporation (for tax purposes). In lieu of corporate income taxes, the shareholder(s) of an S-Corporation is taxed based on its proportionate share of The Company's taxable income. Therefore, no provision or liability for income taxes has been included in these financial statements.

Commitments and Contingencies

The Company may be subject to pending legal proceedings and regulatory actions in the ordinary course of business. The results of such proceedings cannot be predicted with certainty, but the Company does not anticipate that the final outcome, if any, arising out of any such matter will have a material adverse effect on its business, financial condition or results of operations. As of January 1, 2023, the Company has not reported any lawsuit or known plans of litigation by or against the Company.

BB FRANCHISOR LLC  
NOTES TO FINANCIAL STATEMENTS  
JANUARY 1, 2023

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**NOTE C – LONG TERM DEBT**

The Company has loans from related parties in the amount of \$14,000. There is no signed loan document or stated interest rate or terms of repayment. The sole member Kyle Kissane has loaned the company \$14,000 from businesses he owns.

**NOTE D – CONCENTRATIONS OF RISK**

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company places its cash and any cash equivalents with a limited number of high-quality financial institutions and do not exceed the amount of insurance provided on such deposits.

**NOTE E – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 19, 2024, the date on which the financial statements were available to be issued. Management has determined that none of the events occurring after the date of the balance sheet through the date of Management's review substantially affect the amounts and disclosure of the accompanying financial statements.



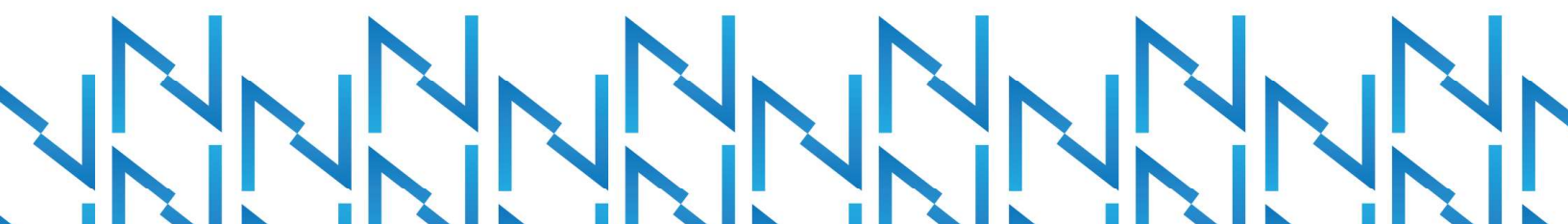
**CONSENT**

Omar Alnuaimi, CPA, consents to the use in the Franchise Disclosure Document issued by BB FRANCHISOR LLC (“Franchisor”) on February 20, 2024, as it may be amended, of my report dated February 19, 2024, relating to the Balance Sheet as of January 1, 2023, of Franchisor.



Omar Alnuaimi, CPA

Naperville, IL  
February 20, 2024



**EXHIBIT E**  
**FRANCHISE ACKNOWLEDGEMENT QUESTIONNAIRE**

## FRANCHISE ACKNOWLEDGMENT QUESTIONNAIRE

As you know, BB Franchisor LLC (we” or us”), and you are preparing to enter into a Franchise Agreement for the operation of a Bonita Bowls Franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer on the back of this sheet.

1.      Yes\_\_    No\_\_    Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
  
2.      Yes\_\_    No\_\_    Did you receive the Franchise Disclosure Document at least 14 calendar days prior to signing a Franchise Agreement?
  
3.      Yes\_\_    No\_\_    Did you receive a Franchise Agreement with all blanks filled in at least 7 calendar days prior to signing a Franchise Agreement?
  
4.      Yes\_\_    No\_\_    Do you understand that in purchasing this franchise you will be an independent business owner and you will not be an employee of BB Franchisor LLC?

IF YOU HAVE ANSWERED “NO” TO ANY OF QUESTIONS 1 THROUGH 4 ABOVE, PLEASE INDICATE THE NUMBER OF THE QUESTION(S) AND A FURTHER EXPLANATION OF YOUR ANSWERS IN THE SPACE PROVIDED BELOW OR ATTACH AN ADDITIONAL SHEET AS NECESSARY. IF YOU HAVE ANSWERED “YES” TO ALL OF THE QUESTIONS 1 THROUGH 4 ABOVE, PLASE LEAVE THE LINES BLANK.

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

Date \_\_\_\_\_

Date \_\_\_\_\_



**EXHIBIT F**  
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**EXHIBIT G  
LIST OF FRANCHISEES**

**LIST OF CURRENT FRANCHISEES**

**Franchise Agreement Signed but Store Not Yet Open**

**Illinois**

Traci and Oscar Suazo  
BB Wheaton LLC  
1N003 Richard Ave.  
Wheaton, Illinois 60187  
630-903-8110

**LIST OF FORMER FRANCHISEES**

**Illinois**

Antoinette and Jeff Glowacki (*Never Opened, Terminated March 2024*)  
Park Ridge, Illinois  
312-315-4345

## **EXHIBIT H**

### **STATE ADDENDA**

Some administrators of franchise registration states may require us to enter into an addendum to the Disclosure Document and Franchise Agreement describing certain state laws or regulations which may supersede the Disclosure Document or Franchise Agreement. If you are in a registration state which requires an addendum, it will follow this page.

**BB FRANCHISOR LLC  
ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF ILLINOIS**

The Franchise Disclosure Document of BB Franchisor LLC for use in the State of Illinois is modified in accordance with the following:

Illinois law shall apply to and govern the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisee's rights upon Termination and Non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

The Office of the Illinois Attorney General requires the Franchisor or affiliates to defer all initial franchise fees until such time as the Franchisor or affiliates have completed all initial obligations owed to the Franchisee under the Franchise Agreement and the Franchisee has commenced doing business. This deferral of the initial franchise fee is required based on the Franchisor's financial condition.

**BB FRANCHISOR LLC  
ADDENDUM TO THE FRANCHISE AGREEMENT  
FOR THE STATE OF ILLINOIS**

This Addendum is to a Franchise Agreement between BB Franchisor LLC and \_\_\_\_\_ (Franchisee) executed simultaneously with this Addendum to amend said Agreement as follows:

1. Illinois law shall apply to and govern the Franchise Agreement.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Franchisee's rights upon Termination and Non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. The Office of the Illinois Attorney General requires the Franchisor or affiliates to defer all initial franchise fees until such time as the Franchisor or affiliates have completed all initial obligations owed to the Franchisee under the Franchise Agreement and the Franchisee has commenced doing business. This deferral of the initial franchise fee is required based on the Franchisor's financial condition.

In witness whereof, each of the undersigned hereby acknowledges having read this Addendum and understands and agrees to be bound by all of its terms as of the dates below.

**FRANCHISOR:**  
**BB FRANCHISOR LLC**  
A Florida limited liability company

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**BB FRANCHISOR LLC  
ADDENDUM TO THE FRANCHISE AGREEMENT  
FOR THE STATE OF WISCONSIN**

This Addendum is to a Franchise Agreement between BB Franchisor LLC and \_\_\_\_\_(Franchisee) executed simultaneously with this Addendum to amend said Agreement as follows:

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provisions of the Franchise Contract or Agreement if such provisions are in conflict with that law.

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming any 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.

In witness whereof, each of the undersigned hereby acknowledges having read this Addendum and understands and agrees to be bound by all of its terms as of the dates below.

**FRANCHISOR:**

**BB FRANCHISOR LLC**

A Florida limited liability company

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

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

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

**FRANCHISEE:**

\_\_\_\_\_

a \_\_\_\_\_

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

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

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

## EXHIBIT I

### CONFIDENTIALITY AGREEMENT

This Agreement is made as of \_\_\_\_\_, 20\_\_\_\_. The parties to this Agreement are \_\_\_\_\_ ("Employer") and \_\_\_\_\_, an individual ("Employee").

#### RECITALS:

A. Employer is a Franchisee of BB Franchisor LLC ("BONITA BOWLS"), an Illinois corporation, pursuant to a Franchise Agreement ("Franchise Agreement") with BONITA BOWLS. BONITA BOWLS is in the business of operating a franchise distribution system related to owning and operating healthy fast-casual restaurant businesses, which serves ("Bonita Bowls Businesses" or "Businesses") that offer health food to the general public, with a menu featuring smoothie bowls, poke bowls, wraps, salads, smoothies, toast, waffles and related products at the restaurant premises or by delivery service. In connection with Employer's business, Employer will be using various techniques, systems, procedures, standards, manuals, data, specifications, and other materials, all of which are considered the proprietary and confidential information ("Proprietary Information") of BONITA BOWLS.

B. Employer will also develop or acquire the right to the use of important information relating to the identity of its customers, the nature and amount of their purchases, pricing practices, receipts, ingredients, the identity of suppliers, sales volumes, costs, expenses and other information. All of the above methods, materials and information are referred to as "Confidential Information."

C. During the course of Employee's employment with Employer, Employee will have access and learn from Employer much or all of the Proprietary Information and the Confidential Information.

D. In light of the above facts and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Importance of Proprietary Information and Confidential Information.** Employee acknowledges that: (a) Employee has learned and/or will learn Proprietary Information and Confidential Information during Employee's employment with Employer; (b) this Proprietary Information and Confidential Information is an important asset of Employer; and (c) it is important to keep the Proprietary Information and Confidential Information confidential in order for Employer to protect its business and to maintain its competitive advantage.

2. **Agreement to Maintain Confidentiality.** Employee agrees that both during and after the termination of Employee's employment with Employer, Employee will: (a) guard and protect the Proprietary Information and Confidential Information so it does not fall into the hands of Employer's competitors or potential competitors; (b) refrain from using the Proprietary Information or Confidential Information for Employee's own benefit or that of any other person or entity; (c) refrain from disclosing the Proprietary Information and Confidential Information to any other person or entity, unless authorized by Employer. Employee agrees that "use" and "disclosure" of the Proprietary Information and Confidential Information include use and disclosure through memorization, and not only through use or disclosure of written material.

3. **Exceptions.** Employer agrees that the Proprietary Information and Confidential Information does not include information which Employee can demonstrate came to Employee's attention before Employee learned from Employer or which has become, through disclosure by others, "public domain" information (i.e., information freely available to everyone).

4. **Return of Materials.** If Employee's relationship with Employer ends for any reason, Employee agrees to immediately return to Employer any of the Proprietary Information and Confidential Information in Employee's possession or under Employee's control.

5. **Discoveries, Inventions and Improvements.** Employee agrees that because of Employee's employment with Employer, Employee may from time to time develop improvements in operations, copyrighted materials, website or any other documents (collectively called "Improvements") relating to Employer's business. Employee agrees to disclose Employee's Improvements to Employer and agrees that any of those Improvements which are applicable to Employer's business will belong solely to BB Franchisor LLC.

6. **Remedies.** Employee agrees that in order to protect Employer's interests if there is a breach or threatened breach of this Agreement, Employer will be entitled to obtain, in addition to any other remedy, a temporary or permanent injunction and consent order for specific performance of this Agreement, without being required to furnish a bond or other security. If an injunction is issued, but is later vacated, Employee agrees to waive any claim for damages as a result of the issuance of the injunction. Employee agrees that if Employee has any claims or causes of action against Employer arising out of Employee's employment with Employer, such claims or causes of action will not constitute defenses to Employer's enforcement of this Agreement. Employee further agrees to indemnify and hold Employer harmless from any loss or expense (including attorney's fees) Employer incurs as a result of Employee's breach of this Agreement.

7. **Enforceability.** Employer and Employee both agree that if any provision of this Agreement is deemed too restrictive in scope, it will be deemed modified to be enforceable to the greatest extent permitted by law.

8. **Third Party Beneficiary.** The parties acknowledge and agree that Employer's franchisor, BB Franchisor LLC, is an intended third party beneficiary of this Agreement, and accordingly, that said BB Franchisor LLC, as well as Employer, shall have the right to enforce the provisions of this Agreement against Employee. Neither this Confidentiality Agreement between Employer and Employee, nor this Paragraph 9, which makes Franchisor an intended third party beneficiary, constitutes control by Franchisor over the Employee's conditions of employment, or creates an employee or joint employee relationship between BB Franchisor LLC and Employee.

9. **Waiver.** If at any time with respect to any particular incident or breach, Employer or BONITA BOWLS does not exercise its rights under this or any similar Agreement, it will not preclude Employer or BONITA BOWLS from doing so in any same or similar situation that subsequently occurs.

***[SIGNATURE PAGE FOLLOWS]***

**EMPLOYER:**

**EMPLOYEE:**

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

\_\_\_\_\_



## EXHIBIT J

### State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

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

<b>State</b>	<b>Effective Date</b>
California	Not registered
Hawaii	Not registered
Illinois	March 15, 2024
Indiana	Not registered
Maryland	Not registered
Michigan	March 18, 2024
Minnesota	Not registered
New York	Not registered
North Dakota	Not registered
Rhode Island	Not registered
South Dakota	Not registered
Virginia	Not registered
Washington	Not registered
Wisconsin	March 15, 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.

**EXHIBIT K  
RECEIPTS  
(Franchisee Copy)**

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If BB Franchisor LLC offers you a franchise, it must provide this Franchise Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor, or an affiliate, in connection with the proposed franchise sale or grant.

Michigan requires us to give you this Franchise Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If BB Franchisor LLC does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

BB Franchisor LLC authorizes the parties identified on Exhibit A to receive service of process for BB Franchisor LLC in the particular state.

The name, principal business address and telephone number of each franchise seller offering the franchise:

- Kyle Kissane, 23480 Hidden Lake Drive, Bonita Springs, FL 34134, (239) 405-4537
- Keith Kissane, 1037 Hunt Club Court, St. Charles, Illinois 60174, (708) 243-8778 **and check and fill in if applicable**
- \_\_\_\_\_

Issuance Date: February 20, 2024

I received a Franchise Disclosure Document dated February 20, 2024 that included the following Exhibits:

- A. List of State Agencies/Agents for Service of Process
- B. Franchise Agreement
- C. Standard Lease Agreement
- D. Financial Statements
- E. Franchisee Acknowledgement Questionnaire
- F. Table of Contents for Confidential Franchise Operations Manual
- G. List of Franchisees
- H. State Addenda
- I. Confidentiality Agreement
- J. State Effective Dates
- K. Receipts

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Date	Signature	Printed Name	On behalf of
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Date	Signature	Printed Name	On behalf of
------	-----------	--------------	--------------

Please retain this copy of the receipt for your records.

**RECEIPT**  
**(Our Copy)**

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If BB Franchisor LLC offers you a franchise, it must provide this Franchise Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor, or an affiliate, in connection with the proposed franchise sale or grant.

Michigan requires us to give you this Franchise Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If BB Franchisor LLC does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

BB Franchisor LLC authorizes the parties identified on Exhibit A to receive service of process for BB Franchisor LLC in the particular state.

The name, principal business address and telephone number of each franchise seller offering the franchise:

- Kyle Kissane, 23480 Hidden Lake Drive, Bonita Springs, FL 34134, (239) 405-4537
- Keith Kissane, 1037 Hunt Club Court, St. Charles, Illinois 60174, (708) 243-8778 **and check and fill in if applicable**
- \_\_\_\_\_

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- I. Confidentiality Agreement
- J. State Effective Dates
- K. Receipts

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Date	Signature	Printed Name	On behalf of
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Date	Signature	Printed Name	On behalf of
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Please retain this copy of the receipt for your records.

Important: Please sign and then return this page by mail to Kyle Kissane at 23480 Hidden Lake Drive, Bonita Springs, FL 34134, (239) 405-4537.