

# FRANCHISE DISCLOSURE DOCUMENT

CK Franchising, LLC  
A Florida Limited Liability Company  
2121 Vista Parkway  
West Palm Beach, Florida 33411  
(561) 640-5570  
info@cannolikitchen.com  
[www.cannolikitchen.com](http://www.cannolikitchen.com)



The franchised business is to operate a quick service restaurant offering pizza, pasta, cannoli, and other Italian-style food items, under the brand name “Cannoli Kitchen Pizza®”.

The total investment necessary to begin operation of a Cannoli Kitchen Pizza franchise is \$322,043 to \$452,807. This includes \$293,643 to \$332,557 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation under a three to ten-unit Multi-Unit Development Agreement is \$362,043 to \$632,807. This includes \$333,643 to \$512,557 that must be paid to the franchisor or Affiliates. The minimum number of Cannoli Kitchen Pizza units that you are required to develop under the Multi-Unit Development Agreement is three units.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact a Franchise Development Specialist at 2121 Vista Parkway, West Palm Beach, Florida 33411, (888) 816-6749.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this disclosure

document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW. Washington, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

**Issuance date: September 1, 2023**

## How to Use This Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

### Some States Require Registration

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

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with us by arbitration or litigation only in Florida. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to arbitrate or to litigate with us in Florida than in your own state.
2. We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

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

## **DISCLOSURES REQUIRED BY CONNECTICUT LAW**

The State of Connecticut has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

## **DISCLOSURES REQUIRED BY NORTH CAROLINA LAW**

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

## **DISCLOSURES REQUIRED BY SOUTH CAROLINA LAW**

The State of South Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.



**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY  
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

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.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (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 protection provided in this act. 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 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 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 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 to permit 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) The 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 sub-franchisor.
- (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 ENDORSEMENT BY THE ATTORNEY GENERAL.**

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General  
G. Mennen Williams Building, 7th Floor  
525 W. Ottawa Street  
Lansing, Michigan 48933  
Telephone Number: (517) 373-7117

## TABLE OF CONTENTS

<b><u>Item</u></b>	<b><u>Page</u></b>
Item 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES...	1
Item 2 BUSINESS EXPERIENCE.....	4
Item 3 LITIGATION .....	10
Item 4 BANKRUPTCY .....	12
Item 5 INITIAL FEES .....	9
Item 6 OTHER FEES.....	14
Item 7 ESTIMATED INITIAL INVESTMENT .....	19
Item 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	22
Item 9 FRANCHISEE’S OBLIGATIONS .....	25
Item 10 FINANCING .....	30
Item 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING .....	30
Item 12 TERRITORY.....	41
Item 13 TRADEMARKS.....	45
Item 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	46
Item 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS .....	47
Item 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	48
Item 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION .....	49
Item 18 PUBLIC FIGURES .....	52
Item 19 FINANCIAL PERFORMANCE REPRESENTATIONS .....	53
Item 20 OUTLETS AND FRANCHISEE INFORMATION .....	56
Item 21 FINANCIAL STATEMENTS.....	61
Item 22 CONTRACTS .....	61
Item 23 RECEIPTS.....	61

**EXHIBITS:**

Exhibit A	State Administrators and Agents for Service of Process
Exhibit B	Multi-Unit Development Agreement
Exhibit C	Franchise Agreement Schedule A – Equipment Package Schedule B – Location Acceptance Letter Schedule C – Electronic Funds Transfer Schedule D – Assignment of Telephone Numbers, Domain Names, and Email Addresses Schedule E – Owners Agreement Attachment A – Statement of Ownership
Exhibit D	Form of General Release
Exhibit E	Deposit Receipt Letter
Exhibit F	Compliance Certification
Exhibit G	Financial Statements
Exhibit H	Operating Manual Table of Contents
Exhibit I	Current and Former Franchisees
Exhibit J	State Addenda to Disclosure Document
Exhibit K	State Addenda to Franchise Agreement
Exhibit L	State Addenda to Multi-Unit Development Agreement
Exhibit M	Confidentiality and Nondisclosure Agreement
Exhibit N	State Effective Dates
Exhibit O	Disclosure Document Receipt (2 Copies)

## Item 1

### THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

In this disclosure document, “we,” “us,” “CK,” “Cannoli Kitchen Pizza,” “CK Franchising,” the “Company” or “our” refers to CK Franchising, LLC, the franchisor. “You” means the person, including any owner or entity, to whom we grant a franchise.

Our name is CK Franchising, LLC. Our principal business address is 2121 Vista Parkway, West Palm Beach, Florida 33411. We use the names “CK Franchising, LLC”, “Cannoli Kitchen Pizza” and “Cannoli Kitchen”. We do not intend to use any other names to conduct business.

Our agent for service of process in Florida is Mark D. Nichols, General Counsel, whose business address is 2121 Vista Parkway, West Palm Beach, Florida 33411. Our agents for service of process in other states are disclosed in Exhibit A to this Disclosure Document.

We are a Florida limited liability company. We were formed on May 18, 2023. Our owners are UFG Holdings Group II, LLC, a Florida limited liability company whose business address is the same as ours and Franchise Restaurant Group, LLC, a Florida limited liability company whose business address is 6499 Powerline Road, Suite 101 Fort Lauderdale, FL 33309.

We have no predecessors.

#### Information About Our Business and the Franchises Offered

We have offered franchises since September of 2023. We do not operate businesses of the type being franchised. We offer these franchises as a new business, or you may convert an existing business into a franchised business. We do not have any other business activities. We have not offered franchises in other lines of business

If you sign a franchise agreement with us, you will develop and operate a quick service restaurant specializing in Italian-style cuisine under the trade name “Cannoli Kitchen Pizza”. If you sign a Multi-Unit Development Agreement (attached as Exhibit B to this disclosure document), you will develop multiple Cannoli Kitchen Pizza outlets on an agreed-upon schedule. For each future unit franchise, we will require you to sign our then-current form of franchise agreement, which may be different from the form of franchise agreement included in this disclosure document.

Cannoli Kitchen Pizza offers its products and services to the general public and competes with other physical and internet-based establishments specializing in Italian-style food, restaurants in general, and other food service businesses. The market is developed and very competitive. Sales are not seasonal. You will compete against national restaurant chains, regional chains, and independent owners. Some of these competitors are franchised.

## Laws and Regulations

The food and restaurant industry has certain laws and regulations specific to it. The U.S. Food and Drug Administration, the U.S. Department of Agriculture, and various state and local health departments administer and enforce laws and regulations that govern food preparation and service, waste disposal, and sanitary conditions. State and local agencies inspect restaurants for compliance with these requirements. Certain provisions of these laws impose limits on emissions resulting from commercial food preparation. Some states have also adopted or are considering proposals to regulate indoor air quality.

The menu labeling provisions of the Patient Protection and Affordable Health Care Act require restaurant chains with 20 or more units to post caloric information on menus and menu boards, and to provide additional written nutrition information to consumers upon request. For smaller chains, some states and local governments may require you to comply with laws relating to the labeling that is included on your menus, menu boards, and related materials. Some state and local authorities have also adopted, or are considering adopting, laws or regulations that would affect the content or make-up of food served in restaurants, such as the level of trans-fat contained in a food item.

If you sell beer and wine, you will need to obtain the applicable required license. State and local laws, regulations and ordinances vary significantly in the procedures, difficulty and cost associated with obtaining a liquor license, the restrictions placed on the manner in which alcoholic beverages maybe sold, and the potential liability imposed by dram shop laws addressing injuries directly and indirectly related to the sale of alcohol and its consumption.

Operation of a Small Business will require you to be aware of federal, state, and local regulations that are common to all businesses including federal, state, and local employment laws and regulations, specifically including minimum wage and wage requirements. We are not aware of any laws or regulations specific to the industry in which the franchise business operates.

You alone are responsible for investigating and complying with all applicable laws and regulations, despite any information that we may give you. You should consult with a legal advisor about legal requirements that may apply to your business.

## Affiliates

Our affiliate, Franchise Real Estate, Inc. (“Franchise Real Estate”) is a real estate services company which was formed in October 2002. Franchise Real Estate’s principal business address is 2121 Vista Parkway, West Palm Beach, Florida 33411. Franchise Real Estate offers real estate services and assistance to our franchisees including demographics, site selection, lease negotiation, construction management, location design and layout, and assistance with obtaining building renovation costs. Franchise Real Estate does not offer and has not offered franchises in this or any other line of business.

None of our other affiliates provides products or services to our franchisees.

We are a member of United Franchise Group, an affiliated group of companies, located at 2121 Vista Parkway, West Palm Beach, Florida 33411 whose franchising companies are:

1. **Sign\*A\*Rama Inc.** (“Signarama”), the world’s largest franchisor of retail sign shops that has been in franchising since April 1987, and has 669 locations in 36 countries;
2. **FP Franchising, Inc., d/b/a Fully Promoted** (“Fully Promoted”), a franchisor of retail stores for online marketing services, print marketing and branded products including, embroidered logoed apparel, that has been in franchising since September 2000 and has 264 locations in 11 countries. In January 2017, our affiliate Fully Promoted modified the principal trademark for the retail stores from “EmbroidMe” to “Fully Promoted” and currently has franchises operating as EmbroidMe stores, franchises operating as Fully Promoted stores and franchises in the process of transitioning their operation as EmbroidMe stores to Fully Promoted stores;
3. **Transworld Business Advisors, LLC** (“TBA”), a franchisor of business brokerage agencies that also provide franchise referral lead services that has been franchising since December 2010 and has agencies servicing 381 territories and licensees in 9 countries;
4. **Graze Craze Franchising, LLC** (“GCZ”), a franchisor of stores offering grazing and charcuterie style cuisine. It has been franchising since June 2021 and currently has 31 franchise locations and 4 affiliated locations;
5. **Great Greek Franchising, LLC** (“TGG”), a franchisor of restaurants offering Greek and Mediterranean cuisine that has been franchising since January 2018, and has 17 franchise locations and 6 affiliated locations;
6. **Venture X Franchising, LLC** (“VTX”), a franchisor of co-working, collaborative office facilities that has been franchising since March 2016 and has 50 locations in 6 countries;
7. **Network Lead Exchange, LLC** (“NLX”), a franchisor of local chapters that belong to an online business networking site that has been franchising since January 2019 and has chapters in 36 territories;
8. **OE Franchising, LLC** (“OE”), a franchisor of businesses providing shared office services, including live answering service and telephone call management, executive suites, temporary office use, conference and training room use, and co-working/drop in workspace. It has been franchising since May 2022 and currently has 80 locations; and
9. **Exit Factor, LLC** (“EXF”), a franchisor of businesses providing business coaching and consulting services to business owners that has been franchising since September 2023.

Please note that United Franchise Group is simply a collection of affiliated distinct franchising-related brands. The brands within United Franchise Group which offer franchises that sell products or services to the general public are collectively known as “Starpoint Brands.”

Neither United Franchise Group nor Starpoint Brands are an owner or parent company of any kind. United Franchise Group and Starpoint Brands are simply tradenames for a group of separate and legally distinct franchising and franchising-related brands which are affiliated with one another but separate and distinct entities.

The principal business address for our affiliates is 2121 Vista Parkway, West Palm Beach, Florida 33411. The location and territory information for our affiliate GCZ is as of March 31, 2023. The location and territory information disclosed above for the Signarama, Fully Promoted, TBA, OE, VTX, and EXF franchise systems is as of December 31, 2022. The location and territory information disclosed above for our affiliate NLX is as of July 31, 2022. The location and territory information for TGG is as of April 30, 2022.

We have six (6) restaurants that an affiliate operates that are similar to a Cannoli Kitchen Pizza business. Each of these six restaurants are currently owned by an affiliated entity of our owner Franchise Restaurant Group, LLC, a Florida limited liability company. A seventh restaurant is owned and operated by a trademark licensee. This restaurant has similarities to a Cannoli Kitchen Pizza business, but does offer different menu items and operates under an older trademark.

Except as described above, none of our affiliates offer, and we have not offered, franchises in any other line of business. None of our affiliates operates a business that is similar to Cannoli Kitchen Pizza.

## **Item 2 BUSINESS EXPERIENCE**

### **Ray Titus – Chief Executive Officer – West Palm Beach, FL**

- Chief Executive Officer of CK since May 2023; EXF since May 2022; OE since April 2022; GCZ since May 2021; VTX since June 2020; Resource Operations International, LLC d/b/a Preveer (“Preveer”), a franchisor of businesses offering to contract out various services in West Palm Beach, FL from August 2019 to July 2022; NLX since July 2018; TGG since November 2017; J.S. Subs, LLC (“JSS”), a franchisor of restaurants in West Palm Beach, FL, from April 2015 to June 2022; Experimax Franchising, LLC (“EXM”) a franchisor of retail computer stores that buy, sell, repair and refurbish pre-owned electronics in West Palm Beach, FL from June 2013 to August 2021; SuperGreen a franchisor of businesses offering sustainability advisory services, energy auditing, sustainability planning, and energy efficient products and services in West Palm Beach, FL from October 2010 to December 2020 and Signarama since January 2008.

### **Brady Lee – Chief Operating Officer – West Palm Beach, FL**

- Chief Operating Officer of CK since May 2023; EXF since May 2022; OE since April 2022; GCZ since May 2021; NLX, TGG, VTX, TBA, Fully Promoted and Signarama since June 2020; Preveer from June 2020 to July 2022; JSS from June 2020 to June 2022; and SuperGreen from June 2020 to December 2020.



- President of GCZ from January 2022 to December 2022; EXM from November 2020 to August 2021 and Accurate Franchising, Inc., a consulting business in West Palm Beach, FL from January 2019 to June 2020.
- Director of Sales in Sydney, Australia for NLX, TGG, JSS, VTX, EXM, SuperGreen, TBA, Fully Promoted and Signarama from March 2018 to January 2019.

**Todd Newton – Chief Financial Officer – West Palm Beach, FL**

- Chief Financial Officer of CK since May 2023; EXF since May 2022; OE since April 2022; GCZ since May 2021; Preveer from August 2019 to July 2022; NLX since July 2018; TGG since November 2017; JSS from April 2015 to June 2022; EXM from June 2013 to August 2021; TBA since October 2010; SuperGreen from October 2010 to December 2020 and Signarama and Fully Promoted since January 2007.

**Michael White – Chief Development Officer – Durham, NC**

- Chief Development Officer of CK and EXF since September 2023; OE since May 2022; GCZ since May 2021; NLX, TGG, VTX, TBA, Fully Promoted and Signarama since November 2020; Preveer from November 2020 to July 2022; JSS from November 2020 to June 2022; and EXM from November 2020 to August 2021.
- President of VTX from January 2022 to June 2023.
- Director of Sales of Preveer from January 2020 to December 2021; NLX from January 2019 to December 2021; TGG, VTX, JSS, EXM, TBA, Fully Promoted and Signarama from September 2018 to December 2021; and SuperGreen from September 2018 to December 2020.

**Jason Anderson – Chief Strategy Officer and President of OE & VTX – West Palm Beach, FL**

- President of VTX since June 2023; and OE since July 2022.
- Chief Strategy Officer of CK and EXF since September 2023; OE since May 2022; NLX, TGG, GCZ, TBA, Fully Promoted and Signarama and VTX since January 2022.
- President of VTX from January 2019 to December 2021; and Accurate Franchising, Inc. from January 2017 to December 2018.

**Austin Titus – President – West Palm Beach, FL**

- President of CK since September 2023.
- President of NLX since January 2020.
- Brand Leader of NLX from August 2019 to December 2019.
- Sales Coordinator of ROI from July 2020 to July 2022.
- Brand Leader of ROI from August 2019 to June 2020 and SuperGreen from August 2019 to December 2019.
- Director of Franchise Development of TGG from November 2017 to September 2019; Signarama, Fully Promoted, TBA, SuperGreen, EXM and JSS from September 2017 to September 2019.

**Jeffrey Thompson – *International Director – West Palm Beach, FL***

- International Director of CK and EXF since September 2023; OE since May 2022; GCZ, NLX, TGG, VTX, TBA, Fully Promoted and Signarama since January 2022; Preveer from January 2022 to July 2022; and JSS from January 2022 to June 2022.
- Regional Vice President of GCZ from May 2021 to December 2021; Preveer from January 2020 to December 2021; NLX from January 2019 to December 2021; TGG from November 2017 to December 2021; JSS, VTX, TBA, Fully Promoted and Signarama from January 2016 to December 2021; EXM from January 2016 to August 2021; and SuperGreen from January 2016 to December 2020.

**Tipton Shonkwiler – *Senior Executive – West Palm Beach, FL***

- Senior Executive of CK and EXF since September 2023; OE since May 2022; GCZ since May 2021; NLX since November 2020; Preveer from November 2020 to July 2022; TGG, VTX, EXM, TBA, Fully Promoted and Signarama since January 2020; JSS from January 2020 to June 2022; and SuperGreen from January 2020 to December 2020 and EXM from January 2020 to August 2021.
- Director of Global Sales of EXM and Fully Promoted from January 2020 to November 2020.
- International Director of NLX from January 2019 to December 2019; TGG from November 2017 to December 2019; and VTX, JSS, EXM, SuperGreen, TBA, Fully Promoted and Signarama from December 2015 to December 2019.

**A.J. Titus – *Senior Executive – West Palm Beach, FL***

- Senior Executive of CK and EXF since September 2023; OE since May 2022; GCZ since May 2021; NLX, TGG, VTX, TBA and Fully Promoted since November 2020; Preveer from November 2020 to July 2022; JSS from November 2020 to June 2022; and EXM from November 2020 to August 2021.
- President of Signarama since March 2018.

**James Butler – *Director of Sales – West Palm Beach, FL***

- Director of Sales of CK since September 2023; GCZ and TGG since January 2022; and JSS from January 2022 to June 2022.
- Senior Executive of GCZ since May 2021; TGG since December 2021; and JSS from January 2022 to June 2022.
- President of JSS from September 2018 to December 2021; and TGG from September 2018 to January 2021.
- Region Director of Camp Gladiator, a fitness franchise in Allen, TX from January 2019 to June 2022 and Partner/Trainer since September 2012.
- Area Director of Camp Gladiator from April 2016 to April 2022.

**Evan Opel – *Regional Vice President – Midlothian, VA – Virginia Region***

- Regional Vice President of CK and EXF since September 2023; OE, Fully Promoted, GCZ, NLX, SAR, TGG, TBA, and VTX since April 2022.
- Regional Director of Franchise Development of Tommy's Express Carwash, a franchise sales company in Richmond, VA, from July 2022 to March 2023.

- Regional Vice President of GCZ from May 2021 to July 2022; ROI from January 2020 to July 2022; NLX from January 2019 to July 2022; TGG from November 2017 to July 2022; JSS from December 2017 to June 2022; VTX, EXM, TBA, Fully Promoted and Signarama from December 2015 to July 2022 and SuperGreen from December 2015 to December 2020.

### **Item 3**

#### **LITIGATION**

A. Pending Litigation: None

B. Litigation Against Franchisees Commenced in the Past Fiscal Year: None

C. Completed Litigation: None

D. Restrictive Orders:

The following injunctive order related to Signarama, an affiliate of the Company and covers certain directors, officers, and employees of Signarama:

Federal Trade Commission, Plaintiff v. Minuteman Press International, Inc., Speedy Sign-A-Rama, USA, Inc., Roy W. Titus and Jeffrey Haber, Defendants (CV 93-2496) Filed on June 4, 1993, in the United States District Court, Eastern District of New York. The Federal Trade Commission complaint alleged that the Defendants violated Section 5(a) of the Federal Trade Commission Act and the Commission's Franchise Rule (16 CFR Part 436) by falsely representing to prospective franchisees potential gross sales levels and profitability of their franchise units, failing to disclose the obligation to pay a substantial transfer fee up on the resale of the franchise, and by making earnings claims without proper documentation and in contradiction of statements in their disclosure documents. On December 18, 1998, an injunction was filed prohibiting the Defendants excluding Haber from doing the following: A. Making, or assisting in the making of, expressly or by implication, orally or in writing, to any prospective franchisee any statement or representation of past, present or future sales, income, or gross or net profits of any existing or prospective franchisee or group of franchisees, unless at the time of making such representation the defendant possesses written material that provides a reasonable basis for the representation. B. Violating any provision of the Franchise Rule 16 C.F.R. Part 436 or the Rule as it may later be amended and the disclosure requirements of the UFOC in effect at the time. C. Assessing or collecting a transfer/training fee from any franchisee who sells or assigns its franchise unless the selling franchisee received a copy of a disclosure statement indicating that such fee would be charged. D. Failing to monitor and investigate any complaints about compliance with the rule or the injunction. E. To cooperate with the Commission in the enforcement of this injunction.

The following order relates solely to Signarama:

Signarama entered into a consent order with the Securities Commissioner of Maryland in January 1996. The matter is captioned In the Matter of Speedy Sign-A-Rama, USA, Inc. and is Case No. S-95-112. It is alleged in the consent order that Signarama sold franchises in the State

of Maryland after its registration under the Maryland Franchise Law had lapsed, and before it was renewed. In settlement of the matter, and while neither admitting nor denying the findings in the order, Signarama agreed to offer rescission to the franchisees, adopt a compliance program intended to avoid unregistered sales and disclose the existence of the order in its franchise disclosure document under the Maryland Franchises Law. All four franchisees stayed with Signarama.

The following order relates solely to TGG.

TGG entered into a consent order with the Department of Financial Protection and Innovation of the State of California in July 2021. The matter is captioned In the Matter of: The Commissioner of Financial Protection and Innovation v. Great Greek Franchising, LLC. The Commissioner found that TGG removed a condition of registration that was previously imposed on the franchisor, which required franchisor to defer collection of initial franchise fees until all of its pre-opening obligations were completed and franchisees commenced doing business, without express authorization from the Department, and also failed to indicate the change in the marked copy of the FDD submitted to the Department, in violation of 10 C.C.R. § 310.122.1 and Corporations Code § 31200. Franchisor also collected franchise fees prior to completing its pre-opening obligations and franchisees opening for business, in violation of Corporations Code § 31203. In settlement of the matter, TGG agreed to desist and refrain from the violations of Corporations Code section(s) 31200, 31203, and Rule 310.122.1, pay an administrative penalty, offer rescission to each of the franchisees who were offered and sold a franchise from October 18, 2018, to August 20, 2020, and attend continuing education. As of today, TGG has mailed the rescission offers to the franchisees, paid the administrative penalty, completed the continuing education, and made all payments required under the rescission offer.

The following orders relates solely to TGG, GCZ and UFG:

In February 2022, TGG, GCZ, and UFG entered into consent orders with the State of California, and its Department of Financial Protection and Innovation, as it relates to alleged violations which occurred at a trade show in California. The matters are captioned In the Matter of: The Commissioner of Financial Protection and Innovation v. Great Greek Franchising, LLC and UFG Group, Inc., doing business as United Franchise Group and In the Matter of: The Commissioner of Financial Protection and Innovation v. Graze Craze Franchising, LLC and UFG Group, Inc., doing business as United Franchise Group. It is alleged in the consent orders that, in October 2021, TGG and GCZ, holding themselves out as members of the UFG affiliated family of brands in a booth during a trade show within the state of California, provided information regarding the franchise offerings without a valid registration or exemption to offer or sell franchises in California. More specifically, a single representative of TGG, GCZ and UFG showed an individual the Graze Craze website and that the same representative made financial performance representations regarding The Great Greek Mediterranean Grill franchise system. Further, the Department concluded that the employee's actions constituted a response to an inquiry regarding GCZ franchise offering, and a later representation by a GCZ representative that all inquiries had been declined was concluded to be untruthful. As required by the consent orders, TGG, GCZ, and UFG agreed to desist and refrain from the violations of Corporations Code section(s) 31110, 31201, and 31204, pay an administrative penalty, send a Notice of Consent Order to TGG franchisees, and contract with an independent monitor for up to three

years to assist with developing, implementing, and reviewing policies and procedures of its franchise sale.

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

#### **Item 4 BANKRUPTCY**

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

#### **Item 5 INITIAL FEES**

##### FRANCHISE AGREEMENT

##### Franchise Fee

When you sign your franchise agreement, you must pay us \$39,500 as the initial franchise fee. Prior to signing the franchise agreement, you will be required to pay a \$9,500 deposit (commonly referred to as a “binder”) upon signing a Deposit Receipt, which is attached to this disclosure document as Exhibit E. At least fourteen (14) days prior to paying this binder or signing a Deposit Receipt, we will provide you with a copy of this Disclosure Document, together with a copy of all proposed agreements relating to the sale. This binder is fully refundable if you do not purchase a Cannoli Kitchen Pizza franchise. After we receive your binder, we assist you with your search for your location. On the date you enter into your franchise agreement, the binder is applied against the initial franchise fee leaving a remainder of \$30,000 to be paid at the time of signing the franchise agreement.

Eligible United States military veterans will receive a discount of 10% off of the initial franchise fee, \$39,500, for their first franchise location. An eligible veteran is a veteran who has received an honorable discharge.

Owners in good standing of our affiliated brands (Signarama, Fully Promoted, TBA, GCZ, TGG, OE, VTX, EF, and SNP) who purchase Cannoli Kitchen Pizza franchise will pay a reduced franchise fee of \$29,500.

The initial franchise fee is non-refundable. The initial franchise fee and the binder are uniformly charged.

##### Equipment Package

In addition to the initial franchise fee, you must purchase an initial Equipment Package from us as further described in Item 7. The cost of the Equipment Package is \$254,143 plus taxes. A deposit of \$12,500 on the Equipment Package is paid upon execution of the franchise agreement and/or multi-unit development agreement (described below), and the balance is due

upon execution of a Lease for Your Restaurant location. The costs of the Equipment Package is uniformly charged and are nonrefundable.

Real Estate Service Charge

Our affiliate Franchise Real Estate is available to assist you with site selection and lease negotiation. You may use Franchise Real Estate’s site selection and lease negotiation assistance at your option. Franchise Real Estate may be compensated by your landlord for their services. If you select this option, the service charge is uniformly charged and will be required to be paid prior to opening your restaurant and is not refundable.

Design and Project Management Fee

You will pay our affiliate, Franchise Real Estate, or another approved supplier designated by Franchise Real Estate, a Design and Project Management Fee (“DPM Fee”) of \$10,000 for assistance in managing the construction or remodeling and finishing of the location for your business. You will pay the DPM Fee upon signing the Franchise Agreement. Generally, the DPM Fee is uniformly charged, however, in certain unique circumstances in the past fiscal year, we have reduced or waived a fee for a particular franchisee. The DPM Fee is not refundable.

MULTI-UNIT DEVELOPMENT AGREEMENT

Development Fee

If you and we agree that you will develop at least three (3) Cannoli Kitchen Pizza Restaurants, then you will sign our Multi-Unit Development Agreement (“MUDA”) in the form of Exhibit B to this disclosure document as well as the Franchise Agreement for the first Restaurant to be developed. The Multi-Unit Development Agreement requires the Developer to pay Us a nonrefundable Development Fee equal to the Initial Franchisee Fee for the first required Restaurant plus \$20,000 for each additional required Restaurant (as specified in the development schedule negotiated between the Developer and Us). As each required Restaurant is developed, the Developer must pay us a franchise fee of \$29,500 for the second unit and \$19,500 for the third and subsequent units (less \$20,000 credit from the development fee) for that Restaurant. You must sign a Franchise Agreement for an additional unit as required by the MUDA’s Development Schedule.

**Item 6  
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty Fee <sup>1</sup>	6% of your gross revenues	Payable weekly on the Tuesday of the following week	Gross revenues include all revenue from the franchise location. Gross revenues do not include documented refunds or sales tax.

Type of Fee	Amount	Due Date	Remarks
Marketing/Brand Fund Contribution <sup>2</sup>	3% of your gross revenues	Payable weekly on the Tuesday of the following week	We reserve the right to increase the Marketing/Brand Fund Contribution to 4% in the future.
Market Advertising Cooperative Contribution <sup>3</sup>	As determined by co-op. Currently, none.	As determined by co-op.	Payable to the cooperative. We have the right to establish local or regional advertising cooperatives.
Local Marketing	5% of your gross revenues	Varies	Payable to vendors. You are required to spend this money throughout the year in your local market, according to our marketing guidelines.
Restaurant Visits by Company Representatives	As agreed upon	As agreed upon	You may request that the Company send a representative to your Restaurant for assistance and advice.
Training Fee <sup>4</sup>	\$500 or then current fee for each person who attends training where the fees are not covered by the initial franchise fee	Prior to attending training	The initial franchise fee covers the fee for up to 2 people to attend initial training prior to opening your Restaurant. The fee shown here is an attendance charge for each additional person you send to initial training. The fee is payable to Us.
Third-Party Vendors	Pass-through of costs, plus reasonable administrative charge. Currently, none.	Varies	We have the right to require franchisees to use third-party vendors and suppliers that we designate. Examples can include computer support vendors, mystery shopping, and customer feedback systems. The vendors and suppliers may bill franchisees directly, or we have the right to collect payment for these vendors together a reasonable markup or charge for administering the payment program.
Credit Card Processing	Varies	As incurred	You may have to pay a bank or third-party vendor a per transaction cost to authenticate and secure credit card transactions.

Type of Fee	Amount	Due Date	Remarks
EPOS System fee <sup>5</sup>	Currently, \$220 to \$330 per month or the then-current fee	Monthly	Payable to Vendor
Non-Compliance Fee	\$500	On demand	We may charge you \$500 if your business is not in compliance with our system specifications or the franchise agreement and you fail to correct the non-compliance after 30 days' notice. Thereafter, we may charge you \$250 per week until you correct such non-compliance.
Technology Fee <sup>6</sup>	Currently none, but may implement in the future	Monthly, on the 5 <sup>th</sup> day of each month	Payable to Us and/or Vendor
Online and Third-Party Ordering Fee <sup>7</sup>	Currently none	As incurred.	Payable to Us
Customer Engagement & Loyalty/Rewards Programs <sup>8</sup>	Currently none, but may implement in the future	Monthly	Payable to Us or Vendor
Restaurant Management System <sup>9</sup>	\$100-\$125 per month or then current fee	Monthly	Payable to Us or Vendor
Reimbursement	Amount that we spend on your behalf, plus 10%	Within 15 days of invoice	If we pay any amount that you owe or are required to pay to a third party, you must reimburse us for the amount paid and an administrative fee.
Late Fee	\$100 plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law)	On demand	We may charge a late fee if you fail to make a required payment when due.



Type of Fee	Amount	Due Date	Remarks
Insufficient Funds Fee	\$30 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law)	On demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.
Costs of Collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.
Special Support Fee	Our then-current fee, plus our expenses. Currently, \$600 per day.	On demand	If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).
Customer Complaint Resolution	Our expenses	On demand	We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses.
Supplier Approval	Our cost of any tests or inspections we deemed necessary, not to exceed \$1,000	On demand	Payable only if you request we approve an alternate supplier or product.
Records Audit <sup>10</sup>	Our actual cost	On demand	Payable only if the audit concludes that you under-reported gross revenues by more than 2% during the audited period.
Special Inspection Fee	Currently \$600, plus our out-of-pocket costs	On demand	Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification.

Type of Fee	Amount	Due Date	Remarks
Non-Compliance Cure Costs and Fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.
Renewal Fee	\$2,500	Thirty (30) days before renewal	Payable if you enter into a successor franchise agreement at the end of your agreement term to cover costs of closing and processing paperwork.
Transfer Fee <sup>11</sup>	The greater of (1) \$29,500; (2) 10% of the price for the sale of the business (not to exceed the amount of the then current franchise fee); or (3) the then current transfer fee.	Prior to consummation of the transfer	Payable by the Seller from the proceeds of the sale of the franchise.
Indemnification	Our costs and losses from any legal action related to the operation of your franchise	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our willful misconduct or gross negligence).
Prevailing Party's Legal Costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding, the losing party must pay the prevailing party's attorney fees, court costs and other expenses.

Unless indicated otherwise, the fees or payments listed above are payable to us and are nonrefundable. All of the fees listed above are uniformly applied to franchisees.

<sup>1</sup> Our Franchise Agreement requires you to pay to us a continuing royalty, which is payable weekly. You are prohibited from offsetting or deducting this required royalty payment in any form or fashion. Reporting and payment of royalties shall be done electronically by such

methods as the Company may direct from time to time. For a detailed definition of Gross Revenue, please see Article 1 of the Franchise Agreement.

<sup>2</sup> This Marketing/Brand Fund Contribution is paid to CK Franchising Advertising Fund, Inc. This fee will be used for system-wide advertising, Internet advertising, web hosting and development and advertising for new franchises. See Item 11 for more information regarding the Advertising Fund. In addition, you will conduct your own local marketing as described in Item 11.

<sup>3</sup> There are no marketing cooperatives, purchasing cooperatives, or other cooperatives; therefore, our own outlets do not have any voting power on any fees imposed by a cooperative. If a local or regional cooperative is established, company-owned Restaurant within the locality or region would participate. Each participating Restaurant owned by a franchisee and each participating company-owned Restaurant will be entitled to one vote on any fees imposed by the cooperative. The majority vote of the cooperative will determine the fees imposed by the cooperative. There are no minimum or maximum limits on fees which may be imposed by the cooperative.

<sup>4</sup> The initial franchise fee covers training fees for you and up to one additional person to attend initial training. This amount is payable to us for any additional persons sent to initial training, which also includes replacement employees attending initial training or other employees attending refresher or additional training.

<sup>5</sup> The EPOS System Fee covers the monthly license and maintenance and technical support fee for the electronic point of sale software. The fee varies depending on features licensed to you.

<sup>6</sup> The monthly Technology Fee covers website hosting and maintenance, domain names and email addresses. This fee is subject to change during the term of the franchise. We may provide additional services in the future to benefit your location.

<sup>7</sup> We do not currently offer online or third-party ordering, but if we offer that service in the future, we reserve the right to charge as a fee a percentage of the price paid per order, whether ordering occurs through a website, ordering occurs through a call center or business lines, ordering occurs through a mobile app, or ordering is taken by a third-party.

<sup>8</sup> The Customer Engagement Loyalty/Rewards Fee covers mobile, online order and delivery, loyalty and rewards, stored value, and CRM marketing platforms.

<sup>9</sup> The monthly Restaurant Management System Fee covers a central restaurant platform for operator to run the entire business, including forecasting, food and inventory controls, and labor management.

<sup>10</sup> You give us the right at all times to examine your electronic point of sale (“EPOS”) system, financial books, bank accounts, bank statements, tax returns and records relating to the Restaurant together with the right to make copies. You must provide EPOS system reports

and data, copies of your financial books, bank statements, tax returns and other records to us if we request. This right to audit shall also apply to any other business operated from your Restaurant premises that is owned or controlled by you or a member of your family. You are not permitted to combine or commingle your Restaurant operations with that of any other business. You are not permitted to use the bank account or EPOS system designated for your Restaurant to process transactions or sales, make deposits or pay expenses for another business. You must keep the financial books and records of your Restaurant separate and apart from your personal financial books and records and the books and records of any other business you own or operate. You must not file consolidated tax returns for the Restaurant which consolidate the income and deductions of the Restaurant with those of another business. This audit will be at our sole expense; provided, however, you will pay the reasonable cost of any audit where this audit discloses that you have paid less than 98% of your royalties in any one month, plus interest at the lesser of 18% or the highest rate allowed by law from the date such royalties were due. You will be required to maintain all of your financial records for a period of 6 years. You must send to us financial reports annually in the form that we request (balance sheet, profit, and loss statement, etc.). You must also provide us with copies of your tax returns on an annual basis. Financial statements and reports for the Restaurant must not be consolidated with any other business. If you consolidate, combine, or commingle any of the financial books and records, tax returns or financial reports for the Restaurant with those of another business or use your EPOS system or bank account designated for the Restaurant in the operation of another business, our right to audit will be extended to the complete financial records, tax returns, books and bank accounts of the other business. The highest interest rate allowed in California is 10% annually. If your franchise is located in a jurisdiction where the franchise fee, royalty or any other fees paid by you to us are subject to a tax, you will be required to pay those taxes. You must file all state, federal and local financial reports and returns that may be required by law relative to operating your Restaurant. We have the right to request copies of all of these reports or returns.

<sup>11</sup> We may increase the transfer fee during the term of the Franchise Agreement. The transfer fee has been increased in the past at the same time the initial franchise fee has been increased. The transfer fee shall never be greater than the then current Franchise Fee.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

**Item 7**  
**ESTIMATED INITIAL INVESTMENT**  
**YOUR ESTIMATED INITIAL INVESTMENT**  
**FRANCHISE AGREEMENT**

<b>Type of Expenditure</b>	<b>Amount</b>			<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is to Be Made</b>
Initial Franchise Fee <sup>1</sup>	\$29,500	-	\$39,500	Lump sum	Upon signing the franchise agreement	Us
Travel and Living Expenses (While Attending Initial Training) <sup>2</sup>	\$250	-	\$2,500	As Incurred	As incurred	Restaurants, Hotels, Airlines, Ground Transportation
Real Estate Lease Deposits <sup>3</sup>	\$2,000	-	\$11,250	Check	Upon execution of lease	Landlord
Real Estate Service Charge	\$0		\$3,500	Lump Sum	Upon signing the Franchise Agreement	Us
Design and Project Management Fee	\$10,000		\$10,000	Lump Sum	Upon signing the Franchise Agreement	Us
Leasehold Improvements <sup>4</sup>	\$0	-	\$50,000	As arranged	Prior to opening	Architect, Contractors and/or Landlord
Equipment, Furniture, Supplies and Fixtures <sup>5</sup>	\$254,143 plus taxes	-	\$279,557 plus taxes	As arranged	Upon signing the Franchise Agreement	Us
Opening Inventory <sup>6</sup>	\$5,000	-	\$10,000	As arranged	Prior to opening	Approved Suppliers
Insurance <sup>7</sup>	\$300	-	\$3,000	As arranged	As incurred	Supplier
Utility Deposits/Licenses <sup>8</sup>	\$100	-	\$500	As arranged	As incurred	Suppliers, Utility Providers; and/or Government Agencies
Dues and Subscriptions <sup>9</sup>	\$0	-	\$1,000	As arranged	As incurred	Chamber of Commerce and Associations
Licenses and Permits <sup>10</sup>	\$500	-	\$1,500	As arranged	As incurred	City, State

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is to Be Made
Office Expenses <sup>11</sup>	\$250	- \$500	As arranged	As incurred	Suppliers
Additional Funds (for 0 – 6 Months) <sup>12</sup>	\$20,000	- \$40,000	As arranged	As incurred	Employees, suppliers, and other third-party vendors
<b>Total<sup>13</sup></b>	<b>\$322,043</b>	<b>- \$452,807</b>			

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

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is to Be Made
Initial Franchise Fee <sup>1</sup>	\$29,500	- \$39,500	Lump sum	At time of signing of Franchise Agreement	Us
Development Fee <sup>1</sup>	\$40,000	- \$180,000	Lump sum	At time of signing of MUDA	Us
Remainder of Estimated Initial Investment for First Restaurant <sup>14</sup>	\$292,543	- \$413,307	As outlined in table above	As outlined in table above	As outlined in table above
<b>Total<sup>16</sup></b>	<b>\$362,043</b>	<b>- \$632,807</b>			

Notes:

Except where noted otherwise, all amounts that you pay to us are nonrefundable. Third party lessors and suppliers will decide if payments to them are refundable. Neither we nor any of our affiliates offer any financing for your initial investment.

<sup>1</sup> **Initial Franchise Fee.** The payment of the initial franchise fee is discussed in detail in Item 5 of this Disclosure Document. The lower amount represents the initial franchise fee for an owner in good standing of our affiliated brands (Signarama, Fully Promoted, TBA, GCZ, TGG, OE, and VTX) purchasing an initial Cannoli Kitchen Pizza franchise.

If you sign a Multi-Unit Development Agreement, in addition to the \$39,500 initial franchise fee for your first Restaurant, you will pay a reduced initial franchise fee of \$29,500 for the second Restaurant, and \$19,500 for each additional Restaurant you agree to open. If you sign a Multi-Unit Development Agreement, you will pay a nonrefundable Development Fee equal

to the initial franchise fee for your first Restaurant, \$39,500, plus a deposit of \$20,000 for each additional Restaurant you agree to open. As you proceed to develop and open Restaurants, you will sign a franchise agreement prior to opening each additional Restaurant. As each required Restaurant is developed, the Developer must pay us an initial franchise fee of \$39,500 for the second unit and \$29,500 for the third and subsequent units (less \$20,000 credit from the development fee) for that Restaurant.

<sup>2</sup> Travel and Living Expenses. Standard costs for training and opening assistance are covered in the initial franchise fee. Our initial training program is 4 to 5 weeks. You or Your Operating Principal, must attend the initial training program. You must pay all travel, accommodation, and living expenses for any additional individuals that attend the initial training program. We provide one round trip airfare to our Florida corporate headquarters where we hold Level 1 initial training. We also provide hotel accommodations and one daily meal for one person during Level 1 of initial training. You will incur additional costs for other daily meals, local transportation and your entertainment, and in connection with any additional persons attending Level 1 initial training, including their travel, meal and other costs. You will also incur costs such as travel, meals and transportation for two employees during Level 2 initial training. See Item 11 for more information.

<sup>3</sup> Real Estate/Real Estate Security Deposit. A typical new Cannoli Kitchen Pizza Restaurant generally occupies 800 to 1,500 square feet of indoor space for an in-line or end cap unit. A lease normally requires payment of the first month's rent and a deposit equal to a second month's rent. The levels of rent vary widely from area to area and for different locations within the same area. A Cannoli Kitchen Pizza Restaurant can be located in strip shopping centers, shopping malls, free-standing units, and other venues in metropolitan and suburban areas. A location within a mall or large shopping center may be smaller but require higher rent. You should investigate all these costs in the area where You wish to establish Your Restaurant. Site costs depend on location, size, visibility, economic, accessibility, and competitive market conditions.

We expect that you will rent your location. It is possible however, that you might choose to buy, rather than rent, real estate on which a building suitable for the Restaurant already is constructed or could be constructed. Because numerous variables affect the value of a particular piece of real estate, this initial investment table does not reflect the potential purchase cost of real estate or the costs of constructing a building suitable for the Restaurant.

<sup>4</sup> Leasehold Improvements. Typically, Cannoli Kitchen Pizza Restaurants are located in retail strip centers, shopping plazas or at stand-alone locations. The cost of purchasing or leasing and developing a site for a Cannoli Kitchen Pizza franchise may vary considerably depending on such factors as geographic location, size, materials expense, subcontractor expense, tenant landlord improvement allowances, and the local real estate market. Depending on the floor plan, you will need a space between 800 to 1,500 square feet. You will pay all construction expenses, including the cost of all required site work, leasehold improvements, and permitting expenses. The high estimated amount is dependent on the extent of build out required. We will provide you with mandatory specifications and layouts for your Cannoli Kitchen Pizza franchise location, including requirements for dimensions, design, image, interior layout, decor, fixtures, color scheme and other suggestions. You must have prepared, all at your

expense, all required construction plans and specifications to suit the shape and dimensions of the franchise location and must ensure that the plans and specifications comply with all applicable federal, state, or local laws, codes, regulations, ordinances, building codes and permit requirements and with lease requirements and restrictions. The lower figure assumes the landlord bears many of these costs, which might then be included in the rent.

<sup>5</sup> Equipment, Furniture, Supplies and Fixtures. These fees include required Restaurant equipment, fixtures, furniture, point-of-sale system, digital menu system and display monitors, management computer, interior décor, and small wares including small kitchen appliances, kitchen utensils, silverware, and tableware supplies. These fees include refrigeration, freezer, shipping, delivery, installation, and other related items described in further detail in Schedule A to the Franchise Agreement. The investment amount might increase depending on additions such as additional square footage for your Restaurant, additional seating, and signage. A deposit of \$12,500 on the Equipment Package is paid upon execution of the franchise agreement and/or multi-unit development agreement (described below), and the balance is due upon execution of a Lease for Your Restaurant location. If you already own an existing business similar to the franchise, you may own much of the necessary equipment, supplies and inventory to begin the operation of your franchise. The low estimate shown here assumes that you already own an existing business similar to the franchise. The high estimate shown here assumes you do not own an existing business, and includes equipment, inventory and supplies needed to equip your franchise in accordance with our standards.

<sup>6</sup> Opening Inventory. This is an estimate of the initial food, paper inventory, and packaging.

<sup>7</sup> Insurance. The cost of insurance varies depending on many factors. You should contact Your insurance agent and obtain an estimate of Your actual insurance costs. You are obligated under the Franchise Agreement to hold certain business insurance policies including comprehensive general liability policy, a policy covering “all risk” of physical loss, hired and non-owned auto insurance and additional policies as may be required under your local laws or ordinances. We also recommend that you obtain worker’s compensation, cyber liability, data security and business interruption insurance. The amount listed in this table reflects our estimate of basic insurance for your first six months of operation. Your expenses will vary depending on your exact requirements as dictated by your landlord and/or local insurance rates.

<sup>8</sup> Utility Deposits/Licenses. You will need to provide deposits for your utilities. The amounts of these deposits will vary depending on the practices of your utilities. You must also register your business with the local county along with a fictitious name and other requirements of your local or state government. Each of these entities may charge a fee for your registration and/or certain taxes. The estimates in this table assume that you do not sell beer and wine. You are not required to serve beer and wine, but you may do so with our prior written consent. The cost of a license to serve beer and wine, or to serve all alcoholic beverages, will vary widely by the jurisdiction in which your business is located. If you plan to serve alcoholic beverages, you should investigate the costs and other requirements of the appropriate licenses in your jurisdiction.



<sup>9</sup> Dues and Subscriptions are costs associated with joining the chamber of commerce and other related industry associations and groups you will join as part of promoting the franchised business in your local market.

<sup>10</sup> Licenses and Permits relates to the costs associated with obtaining necessary permitting and licensing you will need in order to operate the food service business. These costs will be paid to your city, state, and other authorities.

<sup>11</sup> Office Expenses are basic office supplies needed to open and start the franchised business including pens, paper, ink, and other office costs.

<sup>12</sup> You will need capital to support your ongoing expenses, e.g. payroll and utilities, to the extent that these costs are not covered by sales revenue when you first open. This figure does not include sums necessary for living or personal expenses nor payments for any debt service you may have. New businesses often generate a negative cash flow for a time. We estimate the amount given will be sufficient to cover on-going expenses for the start-up phase of your business that we calculate to be up to six months. However, this is only an estimate and we cannot assure you that additional capital will not be necessary during your start-up phase. Our estimate is based on our good faith calculations from the development of six Cannoli Kitchen Pizza Restaurants by affiliates, and two additional units in development in Florida. Your costs will depend on factors such as how much you follow our System and procedures, your management skills and experience, your business skills, local economic conditions, the prevailing wage rate, the local market for the Restaurant, competition and sales levels reached during the start-up phase.

<sup>13</sup> The total investment ranges described in this Item 7 were derived from our experience in the retail and restaurant services industry. If you are, with our approval, converting an existing business offering similar services to a Cannoli Kitchen Pizza Restaurant, the costs stated above may vary. For example, if you already own a business that you are converting to a Cannoli Kitchen Pizza Restaurant, you may already own some of the equipment you will need so your costs may be less than if you were beginning a new business.

<sup>14</sup> If you sign a Multi-Unit Development Agreement, you should be aware that your initial investment for your 2<sup>nd</sup> and subsequent Restaurants could be higher than your initial investment for your 1<sup>st</sup> Restaurant due to inflation and other economic and market factors that fluctuate over time.

<sup>15</sup> The total investment ranges described in this Item 7 were derived from our experience in the retail and restaurant services industry and based on the development of three (3) to ten (10) Cannoli Kitchen Pizza Restaurants.

This is Our estimate of the total expenses to start Your Restaurant. Except as otherwise noted, none of these payments are refundable. We will not finance any of these payments. The total is an estimate of your initial investment and is based on our good faith calculations from the development of six Cannoli Kitchen Pizza Restaurants, and two additional units in development, by affiliates in Florida. We encourage you to seek the advice of your business advisor, accountant, or attorney to help formulate a business plan and a methodology of your business

operation. *Remember: A business plan is an important step in understanding your financial needs.* Your costs will depend to a great extent on Your area, the size of Your Restaurant; how much You follow the System and its procedures; Your management skill, experience, and business acumen; and the sales level reached during the initial period. You are cautioned to allow for inflation, discretionary expenditures, fluctuating interest rates and other costs of financing, and other local market conditions, which can be highly variable. You must bear any deviation or escalation in costs from the estimates in this Item 7.

We expect that you will rent your location. It is possible however, that you might choose to buy, rather than rent, real estate on which a building suitable for the Restaurant already is constructed or could be constructed. Because numerous variables affect the value of a particular piece of real estate, this initial investment table does not reflect the potential purchase cost of real estate or the costs of constructing a building suitable for the Restaurant.

## **Item 8**

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

#### Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business (1) either from us, our designee, or from suppliers approved by us: or (2) according to our specifications.

#### Specific Obligations

The following are our current specific obligations for purchases and leases:

A. Real Estate. Your business location is subject to our approval and must meet our specifications. Each Restaurant must be constructed or remodeled to Our specifications. You must obtain Our written approval of any proposed alterations to Our specifications before any work is begun. You must improve and equip the building from which you operate the Restaurant in accordance with our then current approved design specifications and standards. In addition to meeting our design specifications and standards, it is your responsibility to ensure that your building plans comply with the Americans with Disabilities Act and all other federal, state, or local laws.

B. Insurance. You must obtain insurance as described in the franchise agreement and in our Manual, which currently includes: (i) comprehensive general liability policy with a minimum combined single limit covering bodily injury and property damage with respect to the business location and products, and completed operations of \$1,000,000; (ii) all-risk property insurance including fire, vandalism, theft, burglary and extended coverage with primary and excess limits of at least 80% replacement value of the business and its inventory, equipment and fixtures; (iii) Employment Practices Liability Insurance with a combined single limit of at least \$500,000 including full prior acts coverage, third party coverage and Fair Labor Standard Acts coverage; (iv) auto liability and physical damage coverage: \$1 million combined single limit, \$1 million hired/non-owned liability, \$5,000 medical payments or Personal Injury Protection, and

\$1 million uninsured/underinsured motorists liability; (v) if your business serves alcoholic beverages, separate coverage for liquor liability (commonly referred to as Dram Shop Liability) with limits of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit; and (vi) all insurance required by applicable law, including workers' compensation and disability (limits may vary according to geographical location). Your policies (other than Workers Compensation) must list us and our affiliates as an additional insured, must include a waiver of subrogation in favor of us and our affiliates, must be primary and non-contributing with any insurance carried by us or our affiliates, and must stipulate that we receive 30 days' prior written notice of cancellation.

The general liability insurance policy must name us as an "Additional Insured—Grantor of Franchise per form CG2029 or equivalent," for claims arising from your Restaurant's operation. You should investigate the area in which you will operate to determine whether this insurance coverage is appropriate for your operations. You should consult with an insurance advisor to decide the coverage that is best for you.

C. Point-of-Sale Software and Hardware, and Related Software and Hardware. You must purchase (or lease) the point-of-sale software and hardware, and related software and hardware, that we specify. See Item 11 for more details. You must license your point-of-sale software from an exclusive supplier we designate. The supplier is the only approved supplier for the point-of-sale software. You are also required to use payroll services and credit card processing and merchant services vendors in your operations. We have approved suppliers for these services and for insurance and bookkeeping software. These specific items and services can be purchased from our approved suppliers or another vendor of your choice. Currently, We require You to use Toast, Inc. as your point-of-sale system that complies with Our specifications. During the last fiscal year, neither We nor any affiliate received any revenues as a result of franchisee purchases.

D. Equipment Package. You must buy an equipment package from us. The package contains substantially all of the equipment, appliances, furniture, fixtures and signage you will need to begin operation. The equipment package is further described in Schedule A attached to the franchise agreement. During the last fiscal year, neither We nor any affiliate received any revenues as a result of franchisee purchases.

E. Phone Services. You must purchase telephone services from Ring Central. We expect to receive payments from Ring Central in connection with franchise purchases. During the last fiscal year, neither We nor any affiliate received any revenues as a result of franchisee purchases.

F. Internet Services. You must purchase website, domain and email hosting and maintenance services from us. During the last fiscal year, neither We nor any affiliate received any revenues as a result of franchisee purchases. We are the only approved supplier of website, domain and email hosting and maintenance services.

G. Website/Online Menu. We have entered into an agreement with Popmenu, Inc. ("Popmenu"). You must enter into an agreement for menu services with Popmenu. We receive a

rebate from Popmenu in the form of a flat amount per restaurant. During the last fiscal year, neither We nor any affiliate received any revenues as a result of franchisee purchases.

Except as described above, neither we nor any affiliate is currently a supplier of any good or service that you must purchase, although we reserve to the right to be a supplier (or the sole supplier) of a good or service in the future. You may be required to purchase from Us in the future software, Internet, and multi-area marketing programs, and to participate in these programs. There are no such requirements at this time, and we estimate based on present circumstances, that these required purchases will be less than one percent of Your purchases and leases.

### Alternative Suppliers

Unless we have determined that we have an adequate number of suppliers available for the System, you are free to suggest alternative suppliers who must meet our criteria, and we will make available to you our criteria for approval of alternative suppliers. We do not issue or make available to your or any proposed alternative supplier any of our specifications and standards which we may modify at any time. In the event that You desire to purchase or use any products which are not approved by the Company, You may submit to us full particulars of such proposed items, including a reasonable supply thereof, for us to make a determination whether the proposed item meets our standards and specifications. You will pay the full cost of any tests or inspections of such items as the Company deems necessary, and You shall not use or sell such items unless and until they have been approved in writing by the Company. The cost of such testing and inspection shall not exceed \$2,500. The testing and inspection will be completed within 30 days of Your request and the submission of the required samples. The Company shall be entitled to revoke its approval if any item fails to continue to meet its standards and specifications and will notify You in writing if it takes this action. You shall offer all products and services, and only those products and services, as may be designated by the Company. All such products and services shall be provided by You exactly as required by the Company.

### Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications only after thorough testing in our headquarters, in company-owned outlets, and/or a limited market test in multiple units.

You may use only marketing and promotional materials that we have approved (See Items 6 and 11 for more information on marketing).

Our standards, specifications and designation of approved suppliers disclosed above are required for the purpose of protecting the goodwill associated with the Cannoli Kitchen Pizza trademarks and to ensure a uniform image and uniform quality services in all Cannoli Kitchen

Pizza Restaurants. We will vary our standards, specifications, and designations at your request if necessary, for you to comply with local laws or regulations.

Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your business are 85% to 90% of your total purchases and leases to establish your business.

We estimate that the required purchases and leases of goods and services to operate your business are 90% to 97% of your total purchases and leases of goods and services to operate your business.

Payments by Designated Suppliers to Us

We expect to receive payments from Consolidated Concepts and other suppliers in connection with franchisee purchases. The payments from these suppliers are expected to be in a range of 0-5% of the total purchases by franchisees from these suppliers.

Purchasing or Distribution Cooperatives

There are no purchasing or distribution cooperatives in the System that offer to you certain products used in the franchise business. In the future, we intend to negotiate price terms with approved suppliers for the benefit of its franchisees.

Negotiated Arrangements

We have not negotiated purchase arrangements with suppliers, including price terms, for the benefit of franchisees; however, we intend to negotiate purchase arrangements in the future.

Benefits Provided to You for Purchases

We do not provide any material benefit to you based on your purchase of particular goods or services, or your use of particular suppliers.

**Item 9  
FRANCHISEE’S OBLIGATIONS**

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	§§ 6.1, 6.2	Item 11
b. Pre-opening purchase/leases	§§ 4.4, 6.2, 6.3	Items 5, 7, 8 and 11

Obligation	Section in Agreement	Disclosure Document Item
c. Site development and other pre-opening requirements	Article 6	Items 5, 7, 8 and 11
d. Initial and ongoing training	§§ 5.1, 6.4, 7.5, 7.6	Items 6, 7, 8 and 11
e. Opening	§§ 6.5, 6.6	Items 7, 8 and 11
f. Fees	Article 4, §§ 3.2(v), 5.1, 5.2, 7.8, 8.3, 8.4, 9.4(d), 10.5, 11.2, 11.3, 15.2(i), 16.1, 17.6	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	§§ 6.3, 7.1, 7.3, 7.5, 7.9 – 7.13, 7.15, 7.24, 8.1, 10.1, 10.4, 11.1	Items 8, 11 and 14
h. Trademarks and proprietary information	Article 12, § 13.1	Items 13 and 14
i. Restrictions on products/services offered	§ 7.3	Items 8 and 16
j. Warranty and customer service requirements	§§ 7.3, 7.8, 7.9	Item 8
k. Territorial development and sales quotas	Not applicable	Item 12
l. Ongoing product/service purchases	Article 8	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	§§ 7.12, 7.13	Items 6, 7 and 8
n. Insurance	§ 7.15	Items 6, 7 and 8
o. Advertising	Article 9	Items 6, 7, 8 and 11
p. Indemnification	Article 16	Items 6 and 8
q. Owner's participation/management/staffing	§ 2.3	Item 15
r. Records and reports	Article 10	Item 11
s. Inspections and audits	§§ 10.5, 11.2	Items 6 and 11
t. Transfer	Article 15	Items 6 and 17
u. Renewal	§ 3.2	Items 6 and Item 17
v. Post-termination obligations	§§ 13.1, 13.2(b), 14.2 to 14.6	Item 17

Obligation	Section in Agreement	Disclosure Document Item
w. Non-competition covenants	§ 13.2	Item 17
x. Dispute resolution	Article 17	Items 6 and 17
y. Other	Not applicable	Not applicable

## Item 10 FINANCING

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

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

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

### Our Pre-Opening Obligations

Before you open your business (Section 5.1):

A. At least 14 days after we provide you with a copy of this Disclosure Document, together with a copy of any proposed agreements relating to the sale of the franchise, you pay to us your fully refundable deposit of \$9,500, and we begin the process of helping you find a location for your Cannoli Kitchen Pizza Restaurant. If you sign a Multi-Unit Development Agreement, we will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. We are not obligated to further assist you in locating a site or negotiating the purchase or lease of the site, but you may engage our affiliate, Franchise Real Estate, to assist with you these matters.

(i) We generally do not own your location.

(ii) If your site is not already known and approved by us when you sign your franchise agreement, then we and you will specify in your franchise agreement the area in which you must select a site (Section 6.1). We do not select your site, but your site is subject to our approval. To obtain our approval, you must provide all information and documents about the site that we require.

(iii) The factors we consider in approving sites are general location and neighborhood, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms.

(iv) The time limit for us to approve or disapprove your proposed site is 30 days after you submit all of our required documents and information. (Section 6.1). If we and you cannot agree on a site, you will be unable to comply with your obligation to develop and open the franchise by the deadline stated in the franchise agreement. Unless we agree to extend the deadline, you will be in default and we may terminate your franchise agreement.

(v) We are not obligated to assist you in conforming the location of your site to local ordinances and building codes and obtaining any required permits. This will be your responsibility.

B. We will provide advice in regard to establishing your business [Section 5.1(a)].

C. We will loan to you prototype architectural drawings for your location [Section 5.1(d)].

D. We will advise you with regard to the way in which fixtures and equipment are to be installed in the location with a view to the efficient operation of the business [Section 5.1(e)].

E. We will sell to you the appliances, signs, fixtures, furniture and other items listed in Schedule A to the Franchise Agreement, and will deliver and install these items. We reserve the right to sell these items directly or to sell them to you through another affiliate or third party [Section 5.1(f)].

F. We will provide you with a list of approved suppliers of the products to be sold at the business [Section 5.1(g)].

G. We will inspect the business upon completion of construction and installation of the equipment, furniture and fixtures to determine that it meets our current standards [Section 5.1(h)].

H. We will make available to you our standard initial training at our headquarters and potentially a Restaurant location we designate [Section 5.1(i)].

I. We will provide, for a period of ten days, a member of our staff to assist in initial on-site training and guidance on commencement of operations of the business. We will pay the travel and other costs of our staff member for this purpose [Section 5.1(j)].

J. We will provide you with our detailed Operating Manual, which includes statements of policies and procedures, together with instruction and advice in the operation of a Cannoli Kitchen Pizza [Section 5.1(k)].

K. We will provide you with other relevant manuals and written material which we deem necessary [Section 5.1(l)].

### Length of Time To Open

The typical length of time between signing the franchise agreement and the opening of your business is five to nine months. Factors that may affect the time period include your ability



to obtain a lease, obtaining financing, obtaining business permits and licenses, hiring employees, and shortages or delayed installation of equipment, fixtures, and signs.

### Our Post-Opening Obligations

After you open your business (Section 5.2):

A. We will provide you with details of any alterations and/or improvements in or to the System [Section 5.2(a)].

B. At no cost to you, we will periodically visit your business and furnish to you such advice and assistance as is, from time to time, reasonably required in our sole discretion. Operating assistance may consist of advice and guidance with respect to:

(i) Methods and procedures for the purchase, storage, display, preparation and sale of approved products and the supply of approved services [Section 5.2(b)(i)];

(ii) New and additional products and services as we may approve, from time to time, to be used or offered for sale by the business [Section 5.2(b)(ii)];

(iii) The purchase, operation, maintenance and use of equipment, displays, uniforms, materials and supplies [Section 5.2(b)(iii)];

(iv) Implementing advertising and promotional programs approved by us [Section 5.2(b)(iv)];

(v) Establishing and implementing of administrative, bookkeeping, accounting, inventory control, and general operating procedures for the operation of the business [Section 5.2(b)(v)];

(vi) Prices to be charged for menu items [Section 5.2(b)(vi)]; and

(vii) The operation, cleanliness, and efficiency of the business [Section 5.2(b)(vii)].

C. You may at any time request that we send a field/marketing representative to aid you in the business. If we have a representative available at the time of the request, we will send a representative at our then-current fee for special assistance (including travel expenses) [Section 5.2(c)].

D. We will, from time to time, free of charge, send you bulletins on sales and service methods, marketing development and techniques, and/or business and operating procedures [Section 5.2(d)].

E. We will offer advice regarding your equipment, computer hardware and software, and food service processes by telephone and electronic communication [Section 5.2(e)].

## Advertising

A. *Our obligation.* We will develop marketing, promotion and advertising programs designed to promote Cannoli Kitchen Pizza businesses. Your participation in all such advertising and sales promotion programs must be in full and complete accordance with any terms and conditions as we may have established.

We will provide access to advertising and marketing materials and services to You. We currently conduct marketing at a trade area level to encourage visits from potential, as well as prior, customers. We may also use premium incentives and product awareness campaigns in advertising and promotion. Advertising media may include print, Internet, vehicle wraps, fundraisers, social networking sites, public relations campaigns and radio or television (primarily local in scope). Whenever possible, the material is produced in-house or provided by vendors.

B. *Your own advertising material.* You may develop advertising materials for Your own use at Your own cost. All advertising materials must have been approved by Us in advance and in writing. Approval takes between 30 and 60 days. All of Your advertising, promotion and marketing must be completely clear and factual, not misleading, conform to the highest standards of ethical marketing and promotion policies, and comply with all truth in advertising laws. You must submit to Us samples of all advertising, promotional and marketing materials (including Internet or electronic media marketing material) for Our prior written approval. You must only use advertising copy and other materials which are in strict compliance with Our requirements, as set forth in the Manual or otherwise.

There are no restrictions on Your advertising, except that You may not advertise independently on the Internet, including any social networking sites, or outside Your territory, and that Your advertising must be approved by Us, as stated above. You may not establish or maintain any website or any type of presence on the Internet or World Wide Web that in any manner whatsoever uses the Marks without Our prior written approval. You must adhere to the social media policies that We establish from time to time, and must require Your employees to do so as well. You must participate in Our “e-club” marketing campaigns, Gift Card program, Loyal Customer program and similar marketing programs as they are developed.

C. *Advertising council.* We do not have an advertising council of franchisees to advise us on advertising policies, although we reserve the right to form one in the future.

D. *Local or Regional Advertising Cooperatives.* We do not currently have any local or regional advertising cooperatives; however, we have the right to require you to participate in a local or regional advertising cooperative if one is formed for your area.

We will define the area of the cooperative based on media markets, or other geographic criteria that we deem appropriate. The amount you must contribute to the cooperative will be determined by vote of the members and franchisees in the same cooperative will contribute at the same rate. If our own outlets are members of a cooperative, they must contribute to the cooperative on the same basis as franchisees.

We administer the cooperative, but we have the right to delegate responsibility for administration to an outside company such as advertising agency or accounting firm, or to the franchisee members of the cooperative. We have the right to require the cooperative to operate from written bylaws or other governing documents that we determine. The documents are not currently available for you to review.

Cooperatives must prepare annual financial statements which are available for review only by us and by the members of cooperative. We have the power to require cooperatives to be formed, changed, dissolved, or merged.

E. *Marketing/Brand Fund.* You must contribute 3% of Your Restaurant's Gross Revenues to the Marketing/Brand Fund. The Company reserves the right to increase the Marketing/Brand Fund Contribution to 4%. This fee will be collected by automatic withdrawal from your designated bank account.

We will administer the Marketing/Brand Fund and spend Marketing/Brand Fund Fees only for the purposes described in the Franchise Agreement and follow the procedures contained in the Marketing/Brand Fund Policy described in the Manual.

The Marketing/Brand Fund which will be used to develop, produce, and administer marketing programs designed to increase brand awareness for all Restaurants systemwide. Advertising may be in the form of print ads, radio, television, or electronic media and may be conducted on a local, regional and/or national basis. We may use a national or regional advertising agency or in-house advertising to create and place advertising. All interest earned on monies contributed to the Marketing/Brand Fund will be used for the same purpose.

The purpose of the Marketing/Brand Fund is to develop advertising and marketing programs that will benefit all Restaurants wherever located. We cannot ensure that the Marketing/Brand Fund's expenditures will be equally beneficial or proportionate to each Restaurant's contributions. There is no obligation to use the assets of the Marketing/Brand Fund to spend any amount in the area in which your Restaurant is located.

Restaurants owned and operated by us are not obligated to pay Marketing/Brand Fund Contributions.

We administer the Marketing/Brand Fund and manage the financial and administrative functions of the Marketing/Brand Fund. The Marketing/Brand Fund is not audited. We will make unaudited annual financial statements available to franchisees upon request. If not all funds are spent in the fiscal year in which they accrue, the money will remain in the Marketing/Brand Fund to be spent in the next year. Through the date of issuance of this FDD, the Marketing/Brand Fund had no expenditures.

We have not used any Marketing/Brand Fund fees to solicit new franchise sales.

F. *Required spending.* In addition to the Marketing/Brand Fund Contributions, you will be responsible for all of your own direct marketing and local advertising of the business.

You must expend at least an amount equal to 5% of all gross revenues on local advertising (including public relations) in each year. For the purposes of this paragraph, the term “local marketing” shall mean all marketing and public relations costs, advertising and promotions affected through the medium of the Internet, mobile marketing, email and other digital communications media, local radio or television broadcasts, newspapers, periodicals, billboard advertising and public relations. Upon our request, you must submit to us an accounting of the monies you have spent, together with copies/proof of all marketing. We must approve your marketing materials prior to their use. We will not unreasonably withhold approval of any marketing materials that you propose to use, if your materials are factually accurate and current, conform to the highest standards of ethical marketing and all applicable laws and regulations, are in good taste and accurately depict the Marks. Our review and approval of your marketing materials is not a warranty of any kind. You are responsible for ensuring that your materials are factually accurate and current, and all materials and activities conform to the highest standards of ethical marketing and applicable laws and regulations.

You must participate in all other sales and promotional activities as the Company may reasonably require and pay the costs of such programs upon demand. You are prohibited from offering any coupons without the prior written consent of the Company. If you issue coupons in violation of this agreement, which coupons are redeemed at other Cannoli Kitchen Pizza Restaurants, you shall be obligated to pay the owner of such location(s) two times the amount of the coupon redeemed. Such remedy is in addition to our right to terminate your Multi-Unit Development Agreement and your Franchise Agreements due to your breach.

#### Point-of-Sale and Computer Hardware and Software Systems

You must install and use computer systems, including hardware and software, meeting our specifications, as modified from time to time in response to business, operations, and market conditions, as stated in the Operating Manual. The computer system described below is a POS System you will use to take orders and make sales of food and beverages. The POS System may include an integrated customer loyalty and rewards program and customer relationship management (CRM) database, mobile and on-line ordering, delivery interface, stored value, and gift cards, or they may be separate programs, depending on the current vendors. The POS System is included in the Schedule A to the Franchise Agreement.

You will use a POS System that is built on a state-of-the-art hardware platform that includes everything you need to connect and run every interaction in your restaurant. From contactless payments to kitchen production to off-premise orders to sales analysis. Please note that this is a standard POS System configuration and is subject to change pending factors such as the size of your Restaurant, among other factors. Any additional hardware may be available at your expense. The Company will build out the internal ordering interface and will maintain functionality, including menu updates and any new modules. Franchisees may be given permission to customize regional functionality at the discretion of the Company.

You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation.

The subscription for the point-of-sale system is \$220 to \$470 per month, depending on the features or options you obtain for your EPOS System or the then current fee which includes software licensing, loyalty rewards program, hardware insurance and technical support, mobile and on-line ordering, delivery interface, stored value and gift cards, enterprise, and business management software. We estimate that the costs to buy or lease the required computer hardware and software is \$1,500 to \$2,000. Additionally, we estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be \$0 to \$1,000. We have no contractual obligation to provide maintenance, repairs, upgrades, support, or maintenance to the EPOS System.

You must give us independent access to the information that will be generated or stored in these systems. The information that we may access will include sales, customer data, reports and any other data which may be stored or hosted on servers. There is no contractual limitation on our right to access the information.

### Selection of Your Restaurant Location

#### *A. Franchise Agreement*

In assisting you to locate your Restaurant site, we analyze demographic information regarding your community. We assess the demographics and then visit potential sites in your area with you. The Company generally will respond within 60 days of your request for approval of a proposed site. If Company does not approve the site you proposed, Company will allow you to examine alternative sites for your Restaurant. Approval must be obtained and operations must commence within 300 days of the date of the Franchise Agreement. While we will not unreasonably withhold our approval of a site, if we cannot agree with you on a site, you may forfeit your initial franchise fee. The Franchise Agreement does not have any provision that addresses termination if you do not select a site within a prescribed period. We may terminate the Franchise Agreement, if you have not commenced operation of the Restaurant from an approved site within 300 days from the date of the Franchise Agreement unless the period is extended by us.

You may locate your own site rather than utilizing our assistance. However, you and Company must mutually agree on your location prior to opening. Our approval is not a warranty or a guarantee of your success at your selected location, and you retain final approval of the site selected and leased by you.

We consider some of the following factors when assessing the acceptability of a Restaurant location:

- Population volume
- Business and commercial enterprises readily available
- Commercial income
- Competitive analysis
- Accessibility by car
- Accessibility by walk in traffic
- Financial institutions in the area

- Accessibility to Post Office, Banks, and other businesses
- Parking
- Sign exposure
- Square footage
- Rent
- Visibility
- Traffic
- Proximity to other Cannoli Kitchen Pizza Restaurants
- Condition of premises
- Cost of construction
- Length of construction time
- Landlord contributions
- Surrounding tenants and landlord
- Other factors

We obtain our demographic information from some of the following sources:

- The U.S. Post Office
- Your local, state, and national and international Chambers of Commerce
- Your local Better Business Bureau
- Newspaper
- Building and Development Departments
- Physical Inspections and Business Counts
- Demographic surveys using computer programs
- Local business (traffic counts from next door neighbors.)
- Online real estate and data analytics platforms.

A franchisee is required to select their Restaurant location prior to attending our initial training program. The total time from the signing of the Franchise Agreement to the opening of a new Restaurant location is typically from five to nine months. Factors that may affect this time period include the ability to procure and install equipment and computers, make acceptable financial arrangements, obtain any required approvals in zoning and/or building permits, as well as resolve other factors bearing on construction.

#### *B. Multi-Unit Development Agreement*

We may terminate the MUDA, if you fail to open Restaurants according to a Development Schedule which is contained in the MUDA.

#### Operating Manual

See Exhibit H for the table of contents of our Manual as of the date this disclosure document, with the number of pages devoted to each subject. The total number of pages in the Manual is 251.

Training Program

Our training program consists of the following:

**Level 1**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Location</b>
Introduction/Orientation	2	West Palm Beach
Intro to Business Operations	2	West Palm Beach
Menu Review	1	West Palm Beach
Vendor Ordering Process	1	West Palm Beach
Brand Awareness	.75	West Palm Beach
Goal Setting	1	West Palm Beach
Labor Management/Scheduling	3	West Palm Beach
Food Cost Management/Inventory	5.5	West Palm Beach
Local Marketing	2	West Palm Beach
Paychex	.5	West Palm Beach
Personnel	3	West Palm Beach
Vendor Relations	1	West Palm Beach
Basic Equipment Maintenance and Repair	1	West Palm Beach
Front of House Management	1.5	West Palm Beach
Intro to Financials	1	West Palm Beach
Financial Management	1.5	West Palm Beach
Point of Sale System & Cash Accountability	2	West Palm Beach
Hot Line	1.5	West Palm Beach
Cold Line	1.5	West Palm Beach
Safety and Sanitation	3	West Palm Beach
Storage	1.5	West Palm Beach
Opening/Closing	1.5	West Palm Beach
Business Management System	3	West Palm Beach
Driving Sales 1 & 2	3	West Palm Beach
Training & Development	1.5	West Palm Beach
Walter Bond	2	West Palm Beach
Company Culture	2	West Palm Beach
Community Involvement	1	West Palm Beach
60 Second Commercial	2	West Palm Beach
Sales & Marketing	2	West Palm Beach
Next Steps	1	West Palm Beach
Customer Service 1 & 2	4	West Palm Beach
<b>TOTAL LEVEL 1</b>	<b>60.25</b>	

## Level 2

Subject	Classroom Hours	On The Job Hours	Location
Dress Code, Health Code and Food Handling Procedures	0	30	Certified Training Restaurant
Cashier, Point of Sale, Customer Service, Closing Checklist, Expediter	0	30	Certified Training Restaurant
Pizza Stretching (Pies, Calzones, Strombolis), Sauces (Pizza Sauce, Marinara, Wings and Entrees)	0	30	Certified Training Restaurant
Food Preparation of Pizza Line, Sauté Line, and Salad Line	0	30	Certified Training Restaurant
Appetizers, Pizza, Salad, Cold/Hot Subs, Dessert	0	30	Certified Training Restaurant
Equipment Training (Pizza Oven, Fryer, Gas Range), Manager Certification	0	30	Certified Training Restaurant
<b>TOTAL LEVEL 2</b>	<b>0</b>	<b>180</b>	

We anticipate holding a training class for new franchisees once per month for the entire calendar year 2024. Training will be held at our offices in West Palm Beach, Florida and a Cannoli Kitchen Pizza® restaurant in West Palm Beach, Florida. At this time, one of our affiliate locations shall serve as the Certified Training Restaurant. In the future, we may designate other Restaurants as “Certified Training Restaurants” that are authorized to conduct our training program. Although it is not required, you may attend a refresher-training program or send your representative to be trained at any time in the future. All you have to do is pay your travel, lodging, meals and a training fee if charged at that time. For a complete list of your rights and obligations under your Franchise Agreement in regard to training, please consult the Franchise Agreement Sections 7 and 8.

The instructional materials consist of the Manual and other materials, lectures, discussions, and on-the-job demonstration and practice.

Trystan Bobb is our training instructor. He began with our affiliate, TGG, in May 2022 as a Business Advisor. Prior to joining our affiliate, he worked at several restaurants over a period of more than 10 years.

You (or your Operating Principal, if any) and your general manager must attend our “Level 1” training at our headquarters and a Certified Training Restaurant.

There is no fee for two people to attend our Level 1 training. We will pay for two round-trip airfare (not including baggage or other fees) to West Palm Beach, Florida, hotel



accommodations and one daily meal for the duration of initial training for two people. We will charge a fee (currently \$500 per person) for additional attendees, and you are responsible for their travel, lodging and meal expense. (The foregoing assumes you sign a franchise agreement to develop a new Cannoli Kitchen Pizza business. If instead you purchase an existing business, and you have not previously attended our Level 1 training program, then you must pay the training fee and your own costs of travel, lodging and meal expense).

In addition, you must have at least two individuals in your business (working a combined total of 12 shifts in the business each week) that have completed our “Level 2” training. The Level 1 initial training program must be completed prior to attending Level 2 training. We expect that your general manager will be one of these individuals. If you have an Operating Principal, we expect the Operating Principal to also be one of these individuals. If you are working full-time in your business, then you may be the other individual. Level 2 training consists of four weeks of training or 180 hours at a Certified Training Restaurant. Level 2 training will consist of a Manager Certification, Prep Certification, Line Cook Certification, Expo Certification, and Cashier Certification. The level two training. You and/or your manager must have successfully completed level 2 training at least 45 days prior to opening your restaurant.

If a Level 2 Certified Employee ends employment with you for any reason, you must arrange for that employee’s replacement to attend and successfully complete Level 2 of initial training at a Certified Training Restaurant designated by no later than 120 days after the departure of the trained employee. You must pay us \$500 or our then current training fee for replacement Level 2 training prior to training. You are responsible for the travel, lodging and meals expenses for all persons attending Level 2 training.

Except as described above, we do not currently require additional training programs or refresher courses, but we have the right to do so.

Our training program will be offered 12 times during 2024. Although it is not required, you may attend a refresher-training program or send your representative to be trained at any time in the future. All you have to do is pay your travel, lodging, meals and a training fee if charged at that time. For a complete list of your rights and obligations under your Franchise Agreement in regard to training, please consult the Franchise Agreement Sections 7 and 8.

In addition, all of your employees must complete, at your expense, all current and future training programs designated by us.

You must comply with all applicable board of health food safety guidelines and certification requirements, if any, prior to attending training, opening for business, and on an ongoing basis. You are solely responsible for the cost of these certifications and for determining and complying with the applicable requirements.

### **Web-Based Training and Training Video Series:**

We will loan you one copy of any training videos that we may develop in the future for the term of the Franchise Agreement. We may also develop an internet-based training program

and offer and/or require your participation in that program (together with the videos, the “Training Videos”).

You must treat the Training Videos and any other training materials we create or approve for use in your operation of the business, and the information contained in them, as confidential. You must also use all reasonable efforts to maintain this information as secret and confidential and you must not duplicate, copy, record or otherwise reproduce these materials, in whole or in part, or make them available to any unauthorized person. The Training Videos remain our sole property and must be kept, as applicable, in a secure place within the business location.

We may revise the contents of the Training Videos and you must return to us any Training Videos that are replaced by any updates we issue.

### **PCI Compliance:**

You will be solely responsible for ensuring that your POS System and Computer System are, and remain, compliant with all current “Payment Card Industry” (PCI) requirements periodically promulgated by VISA<sup>®</sup>, MasterCard<sup>®</sup>, American Express<sup>®</sup>, Discover<sup>®</sup>, and/or any other credit card brand honored at your franchised business(es). You must ensure that the business adheres to the standards applicable to electronic payments including PCI standards or any equivalent standards. If we or one of the credit card companies requires, you must provide us with evidence of compliance with the applicable standards and provide, or make available, to us copies of an audit, scanning results or related documentation relating to the compliance. You must pay any costs associated with an audit or to gain compliance with these standards. You must immediately (in any event within 24 hours) notify us if you suspect or have been notified by any third party of a possible security breach related to the cashless system (or related cashless data) used in the business.

## **Item 12 TERRITORY**

### Your Location

Your franchise is for a specific location. If the specific location is not known at the time you sign a franchise agreement, then your location is subject to our approval.

### Grant of Territory

You will operate your Restaurant within a non-exclusive geographic area called a Designated Marketing Area. We shall have the right to prescribe from time to time the boundaries outside of which your Restaurant may not offer delivery service. The size of your Designated Marketing Area will vary, based on the population and business counts (which we determine using sources that evaluate various demographic factors), and will defined (and revised) periodically as we deem appropriate, for example, by cities, counties, zip codes, streets, highways, natural boundaries, or other markers. Your Designated Marketing Area may overlap with the Designated Marketing Area of another franchisee. You likely will not have a specific, unchanging geographic configuration for your Designated Marketing Area. However, your Designated Marketing Area is defined (and revised)

during the franchise term in terms of geographic markers. However, if you default on your Franchise Agreement, we may reduce your Designated Marketing Area in our sole discretion. We will identify your Designated Marketing Area after you sign the Franchise Agreement and find your restaurant location because, until you find your restaurant location, we cannot know for sure which areas will be best for you to service from that location. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

While you are not restricted from accepting unsolicited clients from outside your Designated Marketing Area, you must restrict the targeting of public relations, promotional, sales and marketing activities and the activities of your agents to individuals and businesses located within your Designated Marketing Area and shall not actively market areas outside of your Delivery Area using the Internet, telemarketing or other forms of direct marketing and cannot indicate in any media, print or electronic, that you have a location or provide services in any area outside of your Delivery Area.

#### Relocation of Restaurant

You may relocate your Cannoli Kitchen Pizza under the following conditions:

1. Prior to relocation, you submit your request in writing to us.
2. You must not be in default of the terms of your Franchise Agreement.
3. We will evaluate your request with respect to the suitability of your proposed location and proximity of your proposed location to other establishments (both Cannoli Kitchen Pizza Restaurants and competitors) as well as demographic information.

#### Options to Acquire Additional Franchises

You have no options, right of first refusal or similar rights to acquire an additional franchise within any particular territory, although you may ask us at any time to purchase additional franchises. You will be granted an additional franchise based on the following:

1. Whether or not you are currently in default or have been in default of any part of your Franchise Agreement.
2. Your financial history and the financial stability of your existing location; and your experience managing your existing location.

#### Restrictions On Us From Soliciting or Accepting Orders In Your Territory

There are no restrictions on us from soliciting or accepting orders from consumers inside your territory. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory using our principal trademarks or using trademarks different from the ones you will use under

your franchise agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your territory.

### Soliciting By You Outside Your Territory

There are no restrictions on you from soliciting or accepting orders from consumers outside of your territory, except that you shall not offer delivery services to customers outside of your Designated Marketing Area (with the exception of third-party delivery services, which may offer delivery services outside of your Designated Marketing Area) and we reserve the right to control all internet-based marketing. You must restrict the targeting of sales and marketing activities to within your Designated Marketing Area and shall not actively market areas outside of your Designated Marketing Area using the Internet, telemarketing or other forms of direct marketing.

### Competition By Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer; however, the franchise agreement does not prohibit us from doing so.

### Multi-Unit Development Agreement

During the term of the Multi-Unit Development Agreement, you will have the right to develop, own and operate a specified number of Cannoli Kitchen Pizza Restaurants in your Development Area. There is no minimum or maximum size for the Development Area. We can establish and operate Cannoli Kitchen Pizza Restaurants for our own account or grant franchises for Cannoli Kitchen Pizza Restaurants for locations in the Development Area subject to the territorial protection granted to you under the Franchise Agreements for Restaurants developed, owned, and operated by you or your affiliates.

The Multi-Unit Development Agreement requires that you comply with a development schedule to open and operate a set number of Restaurants within the Development Area by certain dates. If you fail to meet the development schedule, or are otherwise in default of the Multi-Unit Development Agreement or a Franchise Agreement with us, we may terminate your development rights under the MUDA or terminate your exclusivity to develop within the Development Area. A default solely under the Multi-Unit Development Agreement will not cause you to lose any territorial protection granted to you under any Franchise Agreement for any Restaurant.

The locations of the Restaurants to be established by you in the Development Area under a Multi-Unit Development Agreement must be approved by us, and the standards for sites in effect at the time of execution of the Franchise Agreement for a location will apply.

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

The Company reserves the right to (without compensation to any franchisee):

1. open and operate Cannoli Kitchen Pizza Restaurants or franchise others to open and operate Cannoli Kitchen Pizza Restaurants, at all universities, colleges, hospitals, municipal facilities, public transportation facilities, shopping malls, stadiums, amusement parks and similar locations of a “non-standard” nature, regardless of location within the Territory;
2. open and operate or franchise others to open and operate non-standard Cannoli Kitchen Pizza Restaurants within the Territory under the System and Marks or different trademarks (e.g., within drug stores, supermarkets, department stores, truck stops, hotel or motel chains, or other channels of distribution such as the Internet or direct marketing);
3. develop and operate and to franchise or license others to develop and operate Cannoli Kitchen Pizza Restaurants at any location outside your Territory subject to the territorial protection granted to you under the Franchise Agreements; and
4. establish franchises or Company-owned businesses other than a business selling pizza, pasta, cannoli, and other Italian-style food items under any trademark or trade name other than the Cannoli Kitchen Pizza name but only if these businesses are acquired as part of a merger or acquisition with another local, regional, or national chain or system.

We will not modify your Development Area granted under the Multi-Unit Development Agreement and your rights under the Multi-Unit Development Agreement without your written permission, provided that you are in complete compliance with the terms and conditions of your Multi-Unit Development Agreement and the terms and conditions of each of the franchise agreements you will enter into with the Company for each Cannoli Kitchen Pizza Restaurants opened by you in the Territory.

You may relocate a Restaurant within the Development Area under the following conditions:

1. Prior to relocation, you submit your request in writing to us for our approval.
2. You must not be in default of the terms of the Multi-Unit Development Agreement and/or the Franchise Agreement for the Restaurant You wish to relocate.
3. We will evaluate your request with respect to the proximity of your proposed location to other businesses offering similar products and services, (both Cannoli Kitchen Pizza Restaurants and competitors) as well as demographic information.

You have no options, right of first refusal or similar rights to acquire additional development rights within any Territory, although you may ask us at any time to purchase additional rights. You will be granted additional development rights based on the following:


1. Whether or not you are currently in default or have been in default of any part of your Multi-Unit Development Agreement or any of your Franchise Agreements; and

- Your financial history and the financial stability of your existing locations; and your experience managing your existing locations.

**Item 13  
TRADEMARKS**

Principal Trademark

The following is the principal trademark that we license to you. This trademark is owned by us. It is registered on the Principal Register of the United States Patent and Trademark Office.

Trademark	Registration Date	Registration Number
	February 18, 2014	4484449
Cannoli Kitchen Fast Italian	December 22, 2020	6225191

These trademarks have not yet been renewed.

The following chart lists the Marks for which we have applied for registration from the USPTO:

Trademark	Application Filing Date	Serial Number
	August 28, 2023	98/153,235
	August 28, 2023	98/153,220
	August 28, 2023	98/153,259

We do not have a federal registration for the above-referenced three principal trademarks. Therefore, those trademarks do not have many of the 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.

#### Determinations

There are currently no effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition, or cancellation proceedings.

#### Litigation

There are no currently effective agreements that significantly limit our rights to use or license the use of trademarks listed above in a manner material to the franchise.

#### Protection of Rights

We are not required to protect you against infringement or unfair competition claims arising out of your use of the Marks, or to participate in your defense and/or indemnify you. The franchise agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The franchise agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you. Under the franchise agreement, we may require you to modify or discontinue using a trademark, at your expense.

#### Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks.

### **Item 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

#### Patents

We do not own rights in, or licenses to, patents that are material to the franchise. We do not have any pending patent applications.

#### Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Manual, training materials as well as all other sales, training, management, and other materials that we have created or will create. You may use these

copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your franchised business.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The franchise agreement does not require us to take affirmative action when notified of copyright infringement. We control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for expenses or damages in a proceeding involving a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights.

We have no registered copyrights, nor are there any pending patent applications that are material to the franchise.

### Proprietary Information

We have a proprietary, confidential Manual, training materials and related materials that include guidelines, standards and policies for the development and operation of your business. We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the business, and all non-public recipes, plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information, and know-how.

You must protect the confidentiality of our Manual and other proprietary information and use our confidential information only for your franchised business. We may require your managers and key employees to sign confidentiality agreements.

If you or your employees develop any new concept, process or improvement in the operation or promotion of the business, you must promptly notify us and give us all necessary information, free of charge. You must acknowledge that any of these concepts, processes or improvements will become our property and we may give the information to other franchisees.

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

You or a general manager, who has completed CK Franchising's training program for managers, must personally devote full-time and best efforts to the direct operation of your business. If you are an individual, your spouse will not be required to sign the Franchise Agreement or Personal Guaranty. If you are a business entity (limited liability company, corporation, partnership, etc.), then its designated principal and each of its



shareholders/members/partners (the “Owners”), as applicable, must either 1) sign as an additional party to the Franchise Agreement; or 2) sign an Owners Agreement guarantying the obligations of the entity (which is attached to the Franchise Agreement).

Your business must, at all times, be under the direct on-location supervision of you, or someone who has completed our training program or has been trained by you or another individual who has successfully completed our training program. That person is not required to have any ownership or equity interest in the franchise entity.

Brand Standards may specify the business' minimum staffing levels necessary to meet those Brand Standards, certified manager training, and uniform dress code. Neither we nor our affiliates have any control or authority over your labor relations, including, among other things, employee selection, promotion, termination, discipline, hours worked, rates of pay, benefits, work assigned, or working conditions, or any other control over your employment practices. Your employees are solely under your control. You must communicate clearly with your employees in your employment agreements, human resources manuals, written and electronic correspondence, paychecks, and other materials that you (and only you) are the employer and that neither we, as the franchisor of Cannoli Kitchen Pizza businesses, nor our affiliates, are their employer.

We do not have the right to approve or disapprove of your choice for manager. Your manager must sign a written agreement which is the same as or similar to the Confidentiality and Nondisclosure Agreement attached as Exhibit M, agreeing to maintain confidentiality of our trade secrets and other proprietary information described in Item 14 and abide by the non-compete covenants described in Item 17, which are valid for two years after the termination of their employment. You must take steps necessary to ensure that Your employees preserve good customer relations; render competent, prompt, courteous and knowledgeable service; and are properly trained. You and Your employees must handle all customer complaints, refunds, returns and other adjustments in a manner that will not detract from Our name and goodwill.

Your managers are not required to have an equity interest in the business or you. You must adopt and implement reasonable steps to prevent improper disclosure of confidential information by your on-site managers, including the use of non-disclosure agreements with those having access to confidential information. We reserve the right to pre-approve the forms of nondisclosure agreements you use solely to ensure you adequately protect confidential information. Under no circumstances will we control the forms or terms of employment agreements you choose to use with your employees or otherwise be responsible for your labor relations or employment practices. You must keep copies of non-disclosure agreements and send them to us upon request solely for us to confirm your compliance with your confidentiality obligations.

You must disclose to us in writing the specific details of any investment in any other restaurant or food-related business or franchise held by you, any of your owners, or any of your owners' spouses. Your General Manager may not have any interest in, or perform any work for, any other restaurant or food-related business or franchise, whether or not it is a competitive business.

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

You must offer for sale only goods and services that we have approved. You must offer for sale all goods and services that we require. We have the right to change the types of authorized goods or services, and there are no limits on our right to make changes.

We do not restrict your access to customers, except that all sales must be made at or from your location.

**Item 17**  
**RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**  
**THE FRANCHISE RELATIONSHIP**

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

Provision	Section In Franchise or Other Agreement	Summary
a. Length of the franchise term	Franchise Agreement (FA): § 3.1 Multi-Unit Development Agreement (MUDA): Not applicable	35 years from date of franchise agreement.
b. Renewal or extension of the term	FA: § 3.2 MUDA: Not applicable	You may obtain a successor franchise agreement for one additional 35-year term.
c. Requirements for franchisee to renew or extend	FA: § 3.2 MUDA: Not applicable	For our franchise system, “renewal” means that at the end of your term, you sign our successor franchise agreement for an additional 35-year term. You may be asked to sign a contract with materially different terms and conditions than your original contract.  To renew, you must give advance notice to us; be in compliance; renovate to then-current standard; sign then-current form of franchise agreement; sign general release (unless prohibited by applicable law).

Provision	Section In Franchise or Other Agreement	Summary
d. Termination by franchisee	FA: Not applicable MUDA: Not applicable	
e. Termination by franchisor without cause	Not applicable	
f. Termination by franchisor with cause	FA: § 14.1 MUDA: § 6	<p>We may terminate your agreement for cause, subject to any applicable notice and cure opportunity.</p> <p>If you sign a Multi-Unit Development Agreement, termination of your MUDA does not give us the right to terminate your franchise agreement. However, if your franchise agreement can be contractually terminated, we have the right to terminate your MUDA.</p>
g. “Cause” defined--curable defaults	FA: § 14.1 MUDA: Not applicable	Non-payment of amounts due (15 days to cure); violation of system standards (15 days to cure); other violation of the franchise agreement other than non-curable default (30 days to cure).
h. “Cause” defined--non-curable defaults	FA: § 14.1 MUDA: § 6	<p>FA: Misrepresentation when applying to be a franchisee; knowingly submitting false information; bankruptcy; failure to complete training to our satisfaction; failure to open for business by opening deadline; lose possession of your location; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; abandonment; slander or libel of us; refusal to cooperate with inspection; operation in a manner that constitutes a significant danger not cured within 48 hours; three defaults in 12 months; cross-termination (does not apply to termination of MUDA); charge or conviction of a felony, or accusation of an act that is reasonably likely to</p>

Provision	Section In Franchise or Other Agreement	Summary
		<p>materially and unfavorably affect our brand.</p> <p>MUDA: failure to meet development schedule and payment schedules contained therein; violation of franchise agreement or other agreement which gives us the right to terminate it.</p>
i. Franchisee’s obligations on termination/non-renewal	<p>FA: §§ 14.2 – 14.6</p> <p>MUDA: Not applicable</p>	<p>Pay all amounts due; return Manual and proprietary items; notify phone, internet, and other providers and transfer service; cease doing business; remove identification; purchase option by us.</p>
j. Assignment of agreement by franchisor	<p>FA: § 15.1</p> <p>MUDA: § 10</p>	<p>Unlimited</p>
k. “Transfer” by franchisee - defined	<p>FA: § 1</p> <p>MUDA: § 10</p>	<p>For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) any direct or indirect ownership interest of the business, or (iv) control of the business.</p>
l. Franchisor’s approval of transfer by franchisee	<p>FA: § 15.2</p> <p>MUDA: § 10</p>	<p>No transfers without our approval.</p>
m. Conditions for franchisor’s approval of transfer	<p>FA: § 15.2</p> <p>MUDA: 10</p>	<p>Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer signs our then-current franchise agreement; you have made all payments to us and are in compliance with the franchise agreement; buyer completes training program; you sign a general release; business complies with then-current system specifications.</p>
n. Franchisor’s right of first refusal to acquire franchisee’s business	<p>FA: § 15.5</p> <p>MUDA: § 10</p>	<p>If you want to transfer your business, we have a right of first refusal.</p>

Provision	Section In Franchise or Other Agreement	Summary
o. Franchisor's option to purchase franchisee's business	Not applicable	
p. Death or disability of franchisee	FA: §§ 2.4, 15.4 MUDA: § 10	If you die or become incapacitated, a new principal operator acceptable to us must be designated to operate the business, and your executor must transfer the business to a third party within nine months.
q. Non-competition covenants during the term of the franchise	FA: § 13.2 MUDA: Not applicable	You cannot have ownership interest in, or be engaged or employed by, any competitor.
r. Non-competition covenants after the franchise is terminated or expires	FA: § 13.2 MUDA: Not applicable	For two years, no ownership or employment by a competitor located within ten miles of your former territory or the territory of any other Cannoli Kitchen Pizza Restaurant operating on the date of termination.
s. Modification of the agreement	FA: § 18.4 MUDA: § 10	No modification or amendment of the agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.
t. Integration/merger clause	FA: § 18.3 MUDA: § 10	Only the terms of the agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement (or MUDA) may not be enforceable. However, no claim made in any franchise agreement (or MUDA) is intended to disclaim the express representations made in this disclosure document.
u. Dispute resolution by arbitration or mediation	FA: § 17.1 MUDA: § 11	Either party may initiate non-binding mediation before legal proceedings are filed.

Provision	Section In Franchise or Other Agreement	Summary
v. Choice of forum	FA: §§ 17.1, 17.2, 18.8 MUDA: § 11	Mediation shall take place in your home state. Any legal proceedings must be brought exclusively in the 15 <sup>th</sup> Judicial Circuit Court in and for Palm Beach County, Florida (subject to state law).
w. Choice of law	FA: § 18.8 MUDA: § 11	Florida law applies (subject to applicable state law).

**For additional disclosures required by certain states, refer to Exhibit J - State Addenda to Disclosure Document**

**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 the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

**Operating Results for Restaurants Located in Florida**

The operating results shown below are a historic representation for the three Cannoli Kitchen Pizza Restaurants owned by our affiliate, Franchise Restaurant Group, LLC, which have been operating for more than one calendar year. The locations for these three Cannoli Kitchen Pizza Restaurants are as follows:

- One Boca West Group LLC: 9101 Lakeridge Blvd., Boca Raton, FL 33496
- One Boca Restaurant Group LLC: 2001 North Federal Highway, Boca Raton, FL 33431
- One Boca Hospitality Group LLC: 255 N. Pompano Beach Blvd., Pompano Beach, FL 33062

All three locations reflect revenues and expenses as of December 31, 2022. The Cannoli Kitchen Pizza Restaurants whose results are shown below are all located in Florida. They are located on well-traveled streets in shopping centers and sell the food products that will be sold by franchisees.

The revenues and expenses have not been audited by certified public accountants nor have we sought to independently verify their accuracy for purposes of the financial performance representations.

Location	Gross Revenue	Gross Profit	Adj. Net Income
One Boca West Group LLC	\$994,969	\$614,990	\$71,335
One Boca Restaurant Group LLC	\$2,190,428	\$1,440,492	\$477,394
One Boca Hospitality Group LLC	\$945,026	\$698,780	\$145,371
<b>2022 Average Across 3 Locations</b>	<b>\$1,376,808</b>	<b>\$918,087</b>	<b>\$231,367</b>

Location	Gross Revenue	Gross Profit (as a % of Gross Revenue)	Adj. Net Income (as a % of Gross Revenue)
One Boca West Group LLC	\$994,969	62%	7%
One Boca Restaurant Group LLC	\$2,190,428	66%	22%
One Boca Hospitality Group LLC	\$945,026	74%	15%
<b>2022 Average Across 3 Locations</b>	<b>\$1,376,808</b>	<b>67%</b>	<b>17%</b>

Notes:

1. “Gross Revenue” is all sales generated by the restaurant, not including sales tax. Rebates and cash back to customers are counted as Expenses.
2. “Gross Profit” is calculated as the Gross Revenue less cost of goods sold (which includes food purchases, merchant account fees, and restaurant supplies).
3. “Adjusted Net Income” was calculated before deduction of owner’s compensation, depreciation, and incomes taxes.
4. “Adjusted Net Income” was calculated by taking Gross Profit, then subtracting the percent of Royalty Fees (6%) and Marketing/Brand Fund Fees (3%) to be paid by a typical Franchisee from the Gross Revenue and then subtracting cost of goods sold, total payroll, and expenses.

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

Written substantiation of the information contained in this Item 19 will be made available to prospective franchisees upon reasonable request.

Except as set forth in this Item 19, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records 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 Mark D. Nichols, General Counsel, 2121 Vista Parkway, West Palm Beach, Florida 33411, and (561) 640-5570, the Federal Trade Commission, and the appropriate state regulatory agencies.

[REST OF PAGE INTENTIONALLY LEFT BLANK]



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

**Table 1**  
**Systemwide Outlet Summary**  
**For years 2020 to 2022\***

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Company-Owned	2020	3	3	0
	2021	3	4	+1
	2022	4	6	+2
Total Outlets	2020	3	3	0
	2021	3	4	+1
	2022	4	6	+2

\* All numbers are as of December 31, 2020, 2021 and 2022.

**Table 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For years 2020 to 2022\***

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Total	2020	0
	2021	0
	2022	0

\* All numbers are as of December 31, 2020, 2021 and 2022.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

**Table 3**  
**Status of Franchised Outlets**  
**For years 2020 to 2022\***

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Florida	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Totals	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

\* All numbers are as of December 31, 2020, 2021 and 2022.

**Table 4**  
**Status of Company-Owned Outlets**  
**For years 2020 to 2022\***

State	Year	Outlets at the Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Florida	2020	3	0	0	0	0	3
	2021	3	1	0	0	0	4
	2022	4	2	0	0	0	6
Totals**	2020	3	0	0	0	0	3
	2021	3	1	0	0	0	4
	2022	4	2	0	0	0	6

\* All numbers are as of December 31, 2020, 2021 and 2022.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

**Table 5**  
**Projected Openings as of Date of Issuance\***

<b>State</b>	<b>Franchise Agreements Signed but Outlet Not Opened**</b>	<b>Projected New Franchised Outlets in The Next Fiscal Year*</b>	<b>Projected New Company-Owned Outlets in the Next Fiscal Year</b>
Alabama	0	0-1	0
Alaska	0	0	0
Arizona	0	0	0
Arkansas	0	0	0
California	0	0	0
Colorado	0	0	0
Connecticut	0	0	0
Delaware	0	0	0
Florida	0	1-3	2
Georgia	0	0-1	0
Hawaii	0	0	0
Idaho	0	0	0
Illinois	0	0	0
Indiana	0	0	0
Iowa	0	0	0
Kansas	0	0	0
Kentucky	0	0	0
Louisiana	0	0	0
Maine	0	0	0
Maryland	0	0	0
Massachusetts	0	0	0
Michigan	0	0	0
Minnesota	0	0	0
Mississippi	0	0	0
Missouri	0	0	0
Montana	0	0	0
Nebraska	0	0	0
Nevada	0	0	0
New Hampshire	0	0	0
New Jersey	0	0	0
New Mexico	0	0	0
New York	0	0	0
North Carolina	0	0-1	0
North Dakota	0	0	0
Ohio	0	0	0
Oklahoma	0	0	0
Oregon	0	0	0
Pennsylvania	0	0	0

State	Franchise Agreements Signed but Outlet Not Opened**	Projected New Franchised Outlets in The Next Fiscal Year*	Projected New Company-Owned Outlets in the Next Fiscal Year
Rhode Island	0	0	0
South Carolina	0	0-1	0
South Dakota	0	0	0
Tennessee	0	0-1	0
Texas	0	0-1	0
Utah	0	0	0
Vermont	0	0	0
Virginia	0	0	0
Washington	0	0	0
West Virginia	0	0	0
Wisconsin	0	0	0
Wyoming	0	0	0
<b>Totals</b>	<b>0</b>	<b>1-9</b>	<b>2</b>

\* Projected openings for the period September 1, 2023 to December 31, 2024.

\*\*As certain jurisdictions include multi-unit development agreements within their statutory definition of “franchise agreement,” this column includes multi-unit development agreements requiring individual unit franchise agreements to be signed in the future, but not yet signed nor opened.

#### Current Franchisees

A list of all current franchisees is attached as Exhibit I to this disclosure document.

#### Former Franchisees

A list of all former franchisees is attached as Exhibit I to this disclosure document.

Please note, that if you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

#### Sale of Previously Owned Outlet

We are not selling a previously-owned franchised outlet now under our control.

#### Confidentiality Clauses

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.

## Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system.

### **Item 21 FINANCIAL STATEMENTS**

**We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission.** Exhibit G contains our audited financial statement dated June 30, 2023. Our fiscal year end is December 31.

### **Item 22 CONTRACTS**

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

- B. Multi-Unit Development Agreement
- C. Franchise Agreement
- D. Form of General Release
- E. Deposit Receipt Letter
- F. Compliance Certification
- K. State Addenda to Franchise Agreement
- L. State Addenda to Multi-Unit Development Agreement
- M. Confidentiality and Nondisclosure Agreement

### **Item 23 RECEIPTS**

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document as Exhibit O.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

**EXHIBIT A**

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

## STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We may register this disclosure document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent For Service of Process (If Different from State Administrator)
California	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Blvd., Sacramento, CA 95834 866-275-2677	
Connecticut	Banking Commissioner Department of Banking Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8299	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	

State	State Administrator	Agent For Service of Process (If Different from State Administrator)
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	
Minnesota	Minnesota Department of Commerce Market Assurance Division 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500
New York	New York State Department of Law Investor Protection Bureau 28 Liberty St. 21 <sup>st</sup> Floor New York, NY 10005 (212) 416-8236	New York Department of State One Commerce Plaza 99 Washington Avenue, 6 <sup>th</sup> Floor Albany, NY 12231-0001
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	



State	State Administrator	Agent For Service of Process (If Different from State Administrator)
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex-69-1 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Department of Labor and Regulation Division of Securities 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-4823	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760	
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, WI 53701 (608) 266-2801	Securities and Franchise Registration Wisconsin Securities Commission 201 West Washington Avenue, Suite 300 Madison, WI 53703

# **EXHIBIT B**

## **MULTI-UNIT DEVELOPMENT AGREEMENT**



## CANNOLI KITCHEN MULTI-UNIT DEVELOPMENT AGREEMENT

DATED \_\_\_\_\_ 20\_\_

### SUMMARY PAGE

1. Developer \_\_\_\_\_
2. Development Area \_\_\_\_\_
3. Developer's Address \_\_\_\_\_

**CANNOLI KITCHEN  
MULTI-UNIT DEVELOPMENT AGREEMENT**

THIS MULTI-UNIT DEVELOPMENT AGREEMENT (“Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between **CK Franchising, LLC**, a Florida limited liability company, with its principal place of business at 2121 Vista Parkway, West Palm Beach, Florida 33411 (“Franchisor”) and \_\_\_\_\_, whose address is \_\_\_\_\_ (“Developer”).

**RECITALS**

A. Developer wishes to develop Cannoli Kitchen Restaurants pursuant to the terms and conditions of this Multi-Unit Development Agreement (the “**Development Agreement**”);

B. For each Cannoli Kitchen Restaurant, Developer will open and operate Franchisor and Developer will enter into a Franchise Agreement (the “**Franchise Agreement**”);

NOW, THEREFORE, in consideration of the mutual covenants and obligations herein contained and for other good and valuable consideration, the sufficiency of which is acknowledged by both parties, Franchisor and Developer agree as follows:

1. **Multi-Unit Development Commitment.** Developer shall develop and open the cumulative number of Cannoli Kitchen Restaurants according to the schedule attached hereto as Exhibit A (the “**Development Schedule**”):

2. **Fee and Payment.** Developer agrees to pay to Franchisor a nonrefundable development fee equal to the initial franchise fee for the first Restaurant, \$39,500, plus a fee of \$20,000 for each additional Restaurant that Developer agrees to open and operate (the “**Development Fee**”), as shown on the Development Schedule. If this Agreement is terminated pursuant to Section 6 of this Agreement, all initial franchise fees shall be forfeited to Franchisor in consideration of the rights granted in the Development Area up to the time of termination.

3 **Form of Agreement.** For each Cannoli Kitchen Restaurant Developer will open and operate, Developer shall execute Franchisor’s then-current standard form of franchise agreement as stated in the Development Schedule. Developer is required in each instance to obtain Franchisor’s prior approval of each proposed restaurant location to be developed prior to leasing or acquiring a location. This Agreement does not give Developer the right to construct, open, or operate a Cannoli Kitchen Restaurant. Developer acknowledges that each such Cannoli Kitchen Restaurant may only be constructed, opened, and operated pursuant to the terms and conditions of a separate Franchise Agreement executed in accordance with this Development Agreement.

4. **Development Area.** Developer shall locate each Cannoli Kitchen Restaurant it develops under this Agreement within the areas as outlined on the attached map attached hereto as Exhibit B (the “**Development Area**”). Developer acknowledges that it does not have exclusive rights to develop, open or operate Cannoli Kitchen Restaurants in the Development

Area, except that if Developer agrees to open and operate more than three (3) Cannoli Kitchen Restaurants in its Development Schedule, and so long as Developer is not in default as more fully described in Section 6, then Developer shall have exclusive rights to develop, own and operate its Cannoli Kitchen Restaurants in the Development Area. If Developer is in default of the Development Schedule, then upon written notice to Developer (with no opportunity to cure required), Developer shall lose its exclusive rights to the Development Area. In the event Developer wishes to extend the deadline for one Restaurant in the Development Schedule, Developer may pay a one-time Development Schedule Extension Fee of \$5,000 to extend the deadline to open a particular Restaurant by twelve (12) months. For the avoidance of doubt, payment of this Development Schedule Extension Fee shall **not** extend the deadline for opening as to any other Restaurant in the Development Schedule.

5. **Term of Development Agreement.** Unless earlier terminated pursuant to Section 6 of this Agreement, this Agreement shall expire upon the earlier of (i) the date specified in the Development Schedule or (ii) upon the opening of the last restaurant listed in the Development Schedule.

6. **Default and Termination.** Franchisor may terminate this Agreement upon notice to Developer without providing Developer an opportunity to cure if any of the following occur:

- (i) Developer fails to meet the timelines in the Development Schedule, including payment schedules, or is otherwise in breach of this Development Agreement; or
- (ii) Franchisor has the right to terminate any Franchise Agreement between Franchisor and Developer (or any affiliate thereof) due to Developer's default thereunder (whether or not Franchisor actually terminates such Franchise Agreement).

7. **Limitation of Liability.** Developer's commitment to develop Cannoli Kitchen Restaurants is in the nature of an option only. If Franchisor terminates this Agreement for Developer's default, Developer shall not be liable to Franchisor for lost future revenues or profits from any unopened Cannoli Kitchen restaurants.

8. **Conditions.** Developer's right to develop each Cannoli Kitchen Restaurant franchise after the first restaurant is subject to the following:

- (i) Developer must possess sufficient financial and organizational capacity to develop, open, operate, and manage each additional Cannoli Kitchen Restaurants, in the reasonable judgment of Franchisor, and
- (ii) Developer must be in full compliance with all brand requirements at its open Cannoli Kitchen restaurants, and not in default under any Franchise Agreement or any other agreement with Franchisor.

9. **Applicable Law and Jurisdiction.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.), this Agreement and any other agreement relating to this Agreement and all transactions contemplated by this Agreement

and any other agreement relating to this Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Florida without regard to principles of conflicts of laws. The parties acknowledge that a substantial portion of the negotiations, anticipated performance and execution of this Agreement occurred or shall occur in Palm Beach County, Florida, and that, therefore, each of the parties irrevocably and unconditionally:

- (i) agrees that any suit, action or legal proceeding arising out of or relating to the offer, negotiation, performance, validity or interpretation of this Agreement, shall be brought only in the courts of record in Palm Beach County, Florida;
- (ii) consents to the jurisdiction of each such court in any suit, action or proceeding;
- (iii) waives any objection which he, she or it may have to the laying of venue of any such suit, action or proceeding in any of such courts; and
- (iv) agrees that service of any court paper may be effected on such party by U.S. mail or by any manner as may be provided under applicable laws or court rules.

Notwithstanding the foregoing, if Franchisor deems it necessary to commence an action in Developer's jurisdiction to more fully or expeditiously determine, interpret or protect its rights, it may do so.

10. **Transfer; Miscellaneous.** Franchisee shall not Transfer this MUDA without the prior written consent of CK Franchising, LLC, and any Transfer without CK Franchising's prior written consent shall be void. The provisions of Section 15.1 (Transfer By CK Franchising), and Article 18 (Miscellaneous) of the Franchise Agreement apply to and are incorporated into this MUDA as if fully set forth herein.

11. **Dispute Resolution; Equitable Relief.** Any controversy or claim arising out of or relating to this Agreement or the relationship between the parties, including any claim that this Agreement, or any part thereof, is invalid, illegal, or otherwise void, shall be determined exclusively in the state courts in Palm Beach County, Florida. Each party waives any objection to the jurisdiction of the courts in Palm Beach County, Florida over them, agrees that, except as to Federal Lanham Act claims, Florida law will apply to this Agreement and waives any right to objection to the jurisdiction or venue of the state courts in Palm Beach County, Florida. However, prior to any suit, action or legal proceeding taking place, either party may, at its option, submit the controversy or claim to non-binding mediation before the American Arbitration Association in accordance with its Commercial Mediation Procedures, if a mutually agreeable mediator is unable to conduct the mediation, in which event both parties shall execute a confidentiality agreement reasonably satisfactory to Franchisor. Upon submission, the obligation to attend mediation shall be binding on both parties. Each party will bear its own costs with respect to the mediation, except the fee for the mediator will be split equally. In the event of litigation, the reasonable attorney fees and costs of the prevailing party shall be paid by the non-prevailing party. The provisions of this Section 10 shall be construed as independent of any other covenant or provision of this Agreement; provided that if a court of competent jurisdiction determines that any such provisions are unlawful in any way, such court shall modify

or interpret such provisions to the minimum extent necessary to have them comply with the law. Franchisor and Developer (and their respective owners) waive to the fullest extent permitted by law, any right to or claim for any 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. This Section shall be deemed to be self-executing and shall remain in full force and effect after the expiration or sooner termination of this Agreement. Mediation shall take place in Developer's home state. Developer acknowledges and agrees that it is the intent of the parties that mediation or litigation between Franchisor and Developer shall be of Franchisor's and Developer's individual claims, and that none of Developer's claims shall be mediated or litigated on a class-wide basis or on a joined or consolidated claim basis.

12. **Acknowledgments.** **Developer acknowledges that it has received a complete copy of this Agreement, the Franchise Agreement, the attachments thereto, if any, at least seven calendar days prior to the date on which this Agreement was executed.** Developer further acknowledges that it has read and understands this Agreement, the Franchise Agreement, the attachments thereto and the agreements relating thereto contained in the Franchise Disclosure Document received by Developer and that Franchisor has accorded Developer ample opportunity and has encouraged Developer to consult with advisors of Developer's own choosing about the potential benefits and risks of entering into this Agreement.

**IN WITNESS WHEREOF**, the parties hereto have duly executed, sealed, and delivered this Agreement in duplicate original as of the date and year first written above.

**CK Franchising, LLC**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Developer:**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**Corporate Name (If Applicable):**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT A TO MULTI-UNIT DEVELOPMENT AGREEMENT**

**DEVELOPMENT SCHEDULE**

Developer’s rights under the Development Agreement are conditioned upon its active development of the Development Area. Developer will directly develop and operate within the Development Area, and ensure the continued operation of, not less than the following number of Cannoli Kitchen Restaurants within the timeframes stated below:

<b>Restaura nt No.</b>	<b>Deadline Date for Opening of Restaurant</b>	<b>Franchise Fee</b>	<b>Development Fee</b>	<b>Deadline for Collection of Balance of Franchise Fee</b>	<b>Deadline for Execution of Franchise Agreement</b>
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
<b>Totals</b>					

*Signatures on following page.*



**ACKNOWLEDGED AND AGREED TO:**

**CK Franchising, LLC**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Developer:**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**Corporate Name (If Applicable):**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT B TO MULTI-UNIT DEVELOPMENT AGREEMENT**

**DEVELOPMENT MAP**

Per your Development Schedule, Developer shall be obligated to open one (1) Cannoli Kitchen Restaurant in each of the color-coded geographic areas.

**CK Franchising, LLC**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Developer:**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**Corporate Name (If Applicable):**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT C**

**FRANCHISE AGREEMENT**



## CANNOLI KITCHEN FRANCHISE AGREEMENT

DATED \_\_\_\_\_ 20\_\_

SUMMARY PAGE	
1. Franchisee	_____
2. Initial Franchise Fee	_____
3. DPM Fee	_____
4. Business Location	_____
5. Territory	_____
6. Designated Marketing Area	_____
7. Franchisee's Address	_____

## CANNOLI KITCHEN FRANCHISE AGREEMENT

This Agreement is made between CK Franchising, LLC, a Florida limited liability company (“CK Franchising”), and Franchisee effective as of the date signed by CK Franchising (the “Effective Date”).

### **Background Statement:**

A. CK Franchising and its affiliates own a system (the “System”) for developing and operating restaurants offering pizza, pasta, cannoli, and other Italian-style food item under the trade name “Cannoli Kitchen Fast Italian”.

B. The System includes (1) methods, procedures; and standards for developing and operating a Cannoli Kitchen business; (2) plans, specifications, equipment, signage, and trade dress for Cannoli Kitchen businesses; (3) particular products and services; (4) the Marks; (5) training programs; (6) business knowledge; (7) marketing plans and concepts; and (8) other mandatory or optional elements as determined by CK Franchising from time to time.

C. The parties desire that CK Franchising license the Marks and the System to Franchisee for Franchisee to develop and operate a Cannoli Kitchen business on the terms and conditions of this Agreement.

### **ARTICLE 1. DEFINITIONS**

“**Action**” means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgment, or appeal thereof, whether formal or informal.

“**Approved Vendor**” means a supplier, vendor, or distributor of Inputs which has been approved by CK Franchising.

“**Business**” means the business owned by Franchisee and operated under this Agreement.

“**Competitor**” means any business for which Italian-style cuisine is a material portion of the product offering or menu.

“**Confidential Information**” means all non-public information of or about the System, CK Franchising, and any Cannoli Kitchen business, including all methods for developing and operating the Business, and all non-public recipes, plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information, and know-how.

“**Gross Revenues**” means the entire amount of all of Franchisee’s revenues arising out of the ownership or operation of the Business. This amount is to include, without limitation, revenues derived from or relating to all sales of food and beverages rendered at, or for orders placed at or completed for delivery in, through, or from the Business. The revenues are determined regardless of whether they are evidenced by cash, credit, checks, services, property, or other means of

exchange, excepting only the amount of any sales taxes that are collected and paid to the taxing authority. Cash refunded or credit given to customers shall be deducted in computing Gross Revenues to the extent that such cash or credit represent amounts previously included in Gross Revenues on which Royalty and Marketing Fees were paid. Sales of prepaid cards or similar products is not included in Gross Revenues, but the redemption of any such card or product will be included in Gross Revenues.

“**Input**” means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business.

“**Limited Access Venue**” means a venue that primarily serves the customers located within a facility, such as enclosed shopping centers, universities, churches and other religious institutions, sports stadiums, amusement parks, airports, transportation centers, hospitals, military complexes, and restricted business complexes.

“**Location**” means the location address stated on the Summary Page as “Business Location.” If no location is stated on the Summary Page, then the Location will be determined in accordance with Section 6.1.

“**Losses**” includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys’ fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of CK Franchising’s reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

“**Manual**” means CK Franchising’s confidential Operating Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

“**Marketing/Brand Fund**” means the fund established by CK Franchising into which Marketing Fund Contributions are deposited.

“**Marks**” means the service mark and logo contained on the Summary Page, and/or all other trade names, trademarks, service marks and logos which may be specified by CK Franchising from time to time for use in the Business.

“**Remodel**” means a refurbishment, renovation, and remodeling of the Location to conform to the building design, exterior facade, trade dress, signage, fixtures, furnishings, equipment, decor, color schemes, presentation of the Marks, and other System Standards in a manner consistent with the image then in effect for a new Cannoli Kitchen business.

“**Required Vendor**” means a supplier, vendor, or distributor of Inputs that CK Franchising requires franchisees to use.

“**System Standards**” means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by CK Franchising, which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, catering and/or delivery, cleanliness, customer service, design (such as construction, decoration, layout, furniture, fixtures and signs), equipment, inventory, marketing and public relations, menu and other product and service offerings, operating hours, presentation of Marks, quality of products and services, recipes, reporting, safety, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems, and internet access, as well as upgrades, supplements, and modifications thereto), uniforms, and vehicles.

“**Territory**” means the territory stated on the Summary Page. If no territory is stated on the Summary Page, then the Territory is determined in accordance with Section 6.1.

“**Transfer**” means for Franchisee to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) any direct or indirect ownership interest in the Business, or (iv) control of the Business.

## ARTICLE 2. GRANT OF LICENSE

**2.1 Grant.** CK Franchising grants to Franchisee the right to operate the Business solely at the Location. If no Location is stated on the Summary Page when this Agreement is signed, then the parties will determine the Location in accordance with Section 6.1. Franchisee shall develop, open, and operate the Business at the Location for the entire term of this Agreement.

**2.2 Protected Territory.** CK Franchising shall not open, nor license the right to any third party to open, another Cannoli Kitchen business outlet within the Territory, other than in a Limited Access Venue. CK Franchising retains the right to:

- (a) establish and license others to establish and operate Cannoli Kitchen businesses outside the Territory;
- (b) establish and license others to establish and operate Cannoli Kitchen businesses in Limited Access Venues inside the Territory;
- (c) operate and license others to operate businesses anywhere that do not operate under the Cannoli Kitchen brand name; and
- (d) sell and license others to sell products and services in the Territory through channels of distribution (including the internet) other than Cannoli Kitchen outlets.

**2.3 Designated Marketing Area.** During the Term (as defined in Article 3), Franchisee will be granted the non-exclusive right to accept and fulfill orders for delivery to customers and/or

recipients located within the Territory and in additional geographic area(s), if any, as identified on the map attached to this Agreement and revised periodically during the Term by CK Franchising in its sole discretion (the “Designated Marketing Area”). Franchisee must confine all Business-related activities to Franchisee’s Designated Marketing Area including. Franchisee shall not actively market to businesses and individuals located outside Franchisee’s Designated Marketing Area and cannot indicate in any media, print or electronic, that Franchisee has a location or provides services in any area outside of Franchisee’s Designated Marketing Area. Franchisee may accept orders from customers outside Franchisee’s Designated Marketing Area, however, Franchisee is strictly prohibited from targeting public relations, promotional, sales and marketing activities to individuals and businesses located outside Franchisee’s Designated Marketing Area. Franchisee acknowledges that Franchisee has no remedy against the CK Franchising for any marketing and promotion conducted by other franchisees that occurs within the Designated Marketing Area. CK Franchising may, but shall not be obligated to, modify, increase, or decrease the Designated Marketing Area at any time, in its sole and absolute discretion.

**2.4 Full-Time and Best Efforts.** Franchisee or a general manager, who has completed CK Franchising’s training program for managers, shall serve as the day-to-day general manager of the Business and must devote his or her full-time and best efforts to the management of the Business.

**2.5 Entity Franchisee.** Franchisee may, at the Franchisee’s option, operate the Business through a limited liability company, corporation or other business entity, provided that: (i) the Franchise Agreement shall remain in the Franchisee’s name, and the full legal name of the business entity shall be added to the Franchise Agreement as an additional Franchisee; (ii) the business entity is newly organized and its activities are confined exclusively to operating the Business; (iii) Franchisee is the owner of all the stock or membership units of the business entity and is the principal executive officer thereof; (iv) Franchisee furnishes CK Franchising with the name, address, telephone number and percentage of ownership of each officer, director, shareholder and member of the business entity; (v) You and all other beneficial owners in the business entity must either 1) be added as additional Franchisees to the Franchise Agreement, or 2) execute the Owners Agreement attached hereto as Schedule E (or CK Franchising’s then-current standard form); and (vi) no part of the Marks shall form part of the business entity’s legal name. In furtherance of this Section 2.5, in the event Franchisee operates the Business through a business entity which is not named as an additional Franchisee in the Franchise Agreement, Franchisee hereby grants an irrevocable power of attorney to CK Franchising and appoints CK Franchising as Franchisee’s attorney-in-fact to add the business entity to this Agreement as an additional Franchisee. Franchisee must furnish to CK Franchising, at any time upon request, a certified copy of its governing documents and a list, in a form CK Franchising requires, of all owners of record and all other persons having beneficial ownership in business entity reflecting their respective interests in said business entity.

**2.6 No Conflict.** Franchisee represents to CK Franchising that Franchisee: (i) is not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement; (ii) is not a direct or indirect owner of any Competitor; and (iii) is not listed or “blocked” in connection with, and is not in violation under, any anti-terrorism law, regulation, or executive order.



### ARTICLE 3. TERM

**3.1 Term.** This Agreement commences on the Effective Date and continues for 35 years.

**3.2 Successor Agreement.** When the term of this Agreement expires, Franchisee may enter into a successor agreement for one additional period of 35 years, subject to the following conditions prior to expiration:

- (a) Franchisee notifies CK Franchising of the election to renew between 90 and 180 days prior to the end of the term;
- (b) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with CK Franchising (or any of its affiliates) at the time of election and at the time of renewal;
- (c) Franchisee has made or agrees to make (within a period of time acceptable to CK Franchising) renovations and changes to the Business as CK Franchising requires to conform to the then-current System Standards;
- (d) Franchisee executes CK Franchising's then-current standard form of franchise agreement, which may be materially different than this form (including, without limitation, higher and/or different fees), except that Franchisee will not pay another initial franchise fee and will not receive another renewal or successor term;
- (e) Franchisee pays a renewal fee of \$2,500; and
- (f) Franchisee executes a general release (on CK Franchising's then-standard form) of any and all claims against CK Franchising, its affiliates, and their respective owners, officers, directors, agents and employees.

### ARTICLE 4. FEES

**4.1 Initial Franchise Fee.** Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable. If Franchisee submitted a deposit of \$9,500 prior to executing this Agreement, such amount shall be credited towards the initial franchise fee.

**4.2 Royalty Fee.** Franchisee shall pay CK Franchising a weekly royalty fee (the "Royalty Fee") equal to 6% of Gross Revenues. The Royalty Fee for any given week is due on the Tuesday of the following week.

**4.3 Marketing Contributions.**

(a) Marketing/Brand Fund Contribution. Franchisee shall pay CK Franchising a contribution to the Marketing/Brand Fund (the "Marketing/Brand Fund Contribution") as determined by CK Franchising, not to exceed 4% of Franchisee's Gross Revenues, at the same

time as the Royalty Fee. As of the Effective Date of this Agreement, the Marketing/Brand Fund Contribution is 3% of Franchisee's Gross Revenues.

(b) Market Cooperative Contribution. If the Business participates in a Market Cooperative, then Franchisee shall contribute to the Market Cooperative a percentage of Gross Revenues (or other amount) determined by the Market Cooperative.

**4.4 Equipment Package.** Franchisee shall purchase the equipment package described on Schedule A from CK Franchising (or another affiliate or third party designated by CK Franchising). Franchisee shall pay \$12,500 toward the equipment package upon signing this Agreement and the balance due upon execution of Lease for your Restaurant.

**4.5 Technology Fee.** CK Franchising reserves the right to charge a monthly technology fee in the future.

CK Franchising retains the right to determine (and to change at any time) an area outside of which Franchisee cannot offer delivery.

**4.6 Third-Party Vendors.** If CK Franchising requires Franchisee to use a designated third-party vendor, CK Franchising has the right (but not the obligation) to collect payment on behalf of the vendor and remit the payment to the vendor. If CK Franchising does so, it may impose a reasonable markup or charge for administering the payment program.

**4.7 Non-Compliance Fee.** CK Franchising may charge Franchisee \$500 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee's non-payment of a fee owed to CK Franchising) which Franchisee fails to cure after 30 days' notice. Thereafter, CK Franchising may charge Franchisee \$250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of CK Franchising's internal cost of personnel time attributable to addressing the non-compliance and is not a penalty or estimate of all damages arising from Franchisee's breach. The non-compliance fee is in addition to all of CK Franchising's other rights and remedies.

**4.8 Reimbursement.** CK Franchising may (but is never obligated to) pay on Franchisee's behalf any amount that Franchisee owes to a supplier or other third party. If CK Franchising does so or intends to do so, Franchisee shall pay such amount plus a 10% administrative charge to CK Franchising within 15 days after invoice by CK Franchising accompanied by reasonable documentation.

#### **4.9 Payment Terms.**

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Marketing/Brand Fund Contribution, and any other amounts owed to CK Franchising by pre-authorized bank draft or in such other manner as CK Franchising may require. Upon execution of this Agreement and/or at any other time thereafter at CK Franchising's request, the Franchisee shall sign an authorization substantially in the form attached to this Agreement as Schedule C and all other documents necessary to permit CK Franchising to withdraw funds from the Franchisee's designated bank account by electronic funds transfer in the amount of the Royalty Fee and all other fees and amounts described in this Agreement.

(b) Calculation of Fees. Franchisee shall report weekly Gross Revenues to CK Franchising by Tuesday of the following week. If Franchisee fails to report weekly Gross Revenues, then CK Franchising may withdraw estimated Royalty Fees and Marketing/Brand Fund Contributions equal to 125% of the last Gross Revenues reported to CK Franchising, and the parties will true-up the actual fees after Franchisee reports Gross Revenues. Franchisee acknowledges that CK Franchising has the right to remotely access Franchisee's point-of-sale system to calculate Gross Revenues.

(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a \$100 "late fee" plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(d) Insufficient Funds. CK Franchising may charge \$30 for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(e) Costs of Collection. Franchisee shall repay any costs incurred by CK Franchising (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

(f) Application. CK Franchising may apply any payment received from Franchisee to any obligation and in any order as CK Franchising may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to CK Franchising any fees or amounts described in this Agreement are not dependent on CK Franchising's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

**4.11 Alcohol Sales.** If Franchisee sells beer, wine or other alcoholic beverages, and if applicable law (state or local) prohibits or restricts Franchisee's ability to pay (or CK Franchising's ability to collect) Royalty Fees or other amounts based on Gross Revenues derived from the sale of alcoholic beverages by the Business, or if such law would require CK Franchising be licensed to sell alcoholic beverages, then the parties will exclude alcoholic beverage sales from Gross Revenues and mutually agree on a substitute so as to provide the same basic economic effect to both parties.

## ARTICLE 5. ASSISTANCE

**5.1 Pre-Opening Assistance.** Before Franchisee opens for business, CK Franchising (either directly or through an affiliate or third party) shall:

(a) Provide advice in regard to establishing the Business.

(b) Through its affiliate, Franchise Real Estate, provide assistance in locating a site for the Location and in negotiating the Lease of the Location. Franchisee acknowledges that Franchise Real Estate may be compensated by the Landlord for these services.

(c) Provide consultation and advice with regard to alterations, refurbishment, renovation, decoration or other work necessary for the conversion of the Location into a Cannoli Kitchen, including layout designs; provided, however, that such consultation and advice will be provided by CK Franchising's affiliate, Franchise Real Estate, on such terms the affiliate currently offers.

(d) Loan to Franchisee prototype architectural drawings for the Location.

(e) Advise Franchisee with regard to the way in which fixtures and equipment are to be installed in the Location with a view to the efficient operation of the Business.

(f) Sell (either directly or through an affiliate or other entity) to Franchisee the equipment, appliances, signs, fixtures, furniture, and other items (the "Equipment Package") listed in Schedule A to this Agreement.

(g) Provide Franchisee with list of approved suppliers of the products to be sold at the Business.

(h) Inspect the Business upon completion of construction and installation of the equipment, furniture, and fixtures to determine that it meets CK Franchising's current standards.

(i) Make available its standard initial training at CK Franchising's headquarters and/or a restaurant location designated by CK Franchising. CK Franchising shall not charge any fee for Franchisee's attendance at initial training, and will cover the cost of Franchisee's airfare (one coach class round trip airfare, baggage and other fees not included) and hotel accommodations for two people and one daily meal during the initial training program. CK Franchising will charge a reasonable fee for additional persons attending training, and Franchisee is responsible for any additional out-of-pocket attendees incurred by him or her during initial training, and travel, lodging, meal, and other out-of-pocket expenses for additional attendees. Any additional persons attending training will be required sign an agreement on CK Franchising's standard form not to misuse or disclose to any third party any information or knowledge concerning CK Franchising's business or the System.

(j) Provide for a period of 10 days, a member of CK Franchising's staff to assist in initial on-site training and guidance on commencement of operations of the Business. CK Franchising shall pay the travel and other costs of its staff member for this purpose.

(k) Provide Franchisee, on loan, with the Manual, which includes statements of policies and procedures, together with instruction and advice in the operation of the Business.

(l) Provide Franchisee with other relevant manuals and written material which, in its discretion, CK Franchising deems necessary.

**5.2 Post-Opening Assistance.** After Franchisee opens for business, CK Franchising (either directly or through an affiliate or third party) shall:

(a) Provide Franchisee with details of any alterations and/or improvements in or to the System.

(b) At no cost to Franchisee, periodically visit the Business and furnish to Franchisee such advice and assistance in connection with the operation of the Business as is, from time to time, reasonably required in CK Franchising's sole discretion. Operating assistance may consist of advice and guidance with respect to:

- (i) Methods and procedures for the purchase, storage, display, preparation and sale of approved products and the supply of approved services;
- (ii) New and additional products and services as CK Franchising may approve, from time to time, to be used or offered for sale by the Business;
- (iii) The purchase, operation, maintenance and use of equipment, displays, uniforms, materials and supplies;
- (iv) Implementation of advertising and promotional programs approved by CK Franchising;
- (v) Establishment and implementation of administrative, accounting, inventory control and general operating procedures for the operation of the Business;
- (vi) Prices to be charged for menu items sold in the Business; and
- (vii) The operation, cleanliness, and efficiency of the Business.

(c) Franchisee may at any time request that CK Franchising send a field/marketing representative to aid Franchisee in the Business. If CK Franchising has a representative available at the time of the request, CK Franchising will send a representative at its then-current fee for special assistance (including travel expenses).

(d) CK Franchising will, from time to time, free of charge, send to Franchisee bulletins on sales and service methods, marketing development and techniques, and/or business and operating procedures.

(e) CK Franchising will offer to advice to Franchisee regarding Franchisee's equipment, computer hardware and software, and food service processes by telephone and electronic communication.

## **ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING**

**6.1 Determining Location and Territory.** If the Location and Territory are not stated on the Summary Page:

(i) Franchisee shall find a potential Location within the Development Area described on the Summary Page, and submit its proposed Location to CK Franchising for acceptance, with all related information CK Franchising may request. If CK Franchising does not accept the proposed Location in writing within 30 days, then it is deemed rejected.

(ii) When CK Franchising accepts the Location, it shall issue a Location Acceptance Letter in the form of Schedule B, which will state the Location and Territory (as determined by CK Franchising in its discretion).

(iii) **CK Franchising's advice regarding or acceptance of a site is not a representation or warranty that the Business will be successful and CK Franchising has no liability to Franchisee with respect to the location of the Business.**

**6.2 Lease.** In connection with any lease between Franchisee and the landlord of the Location, if requested by CK Franchising, Franchisee must submit the proposed lease to CK Franchising for written approval.

**6.3 Development.** Franchisee shall construct (or remodel) and finish the Location in conformity with CK Franchising's System Standards. If required by CK Franchising, Franchisee shall engage the services of an architect licensed in the jurisdiction of the Location. Franchisee shall not begin any construction or remodeling work without first obtaining CK Franchising's approval of Franchisee's plans. CK Franchising may, but is not required to, inspect Franchisee's construction or remodeling progress at any reasonable time. Franchisee shall not rely upon any information provided or opinions expressed by CK Franchising or its representatives regarding any architectural, engineering, or legal matters in the development and construction of the Business, and CK Franchising assumes no liability with respect thereto. CK Franchising's inspection and/or approval to open the Business is not a representation or a warranty that the Business meets any architectural, engineering, or legal standards.

**6.4 New Franchisee Training.** Franchisee must complete CK Franchising's training program for new franchisees to CK Franchising's satisfaction.

**6.5 Conditions to Opening.** Franchisee shall notify CK Franchising at least 30 days before Franchisee intends to open the Business to the public. Before opening, Franchisee must satisfy all of the following conditions: (1) Franchisee is in compliance with this Agreement; (2) Franchisee has obtained all applicable governmental permits and authorizations; (3) the Business conforms to all applicable System Standards; (4) CK Franchising has inspected and approved the Business; (5) Franchisee has hired sufficient employees; (6) Franchisee and Franchisee's employees have completed all of CK Franchising's required pre-opening training; and (7) CK Franchising has given its written approval to open, which will not be unreasonably withheld.

**6.6 Opening Date.** Franchisee shall open the Business to the public within 300 days after the Effective Date.

**6.7 Relocation.** In the event that the Franchisee wishes to relocate, the Franchisee must obtain written approval from CK Franchising of the proposed new location prior to any relocation of the Cannoli Kitchen Restaurant. Such approval shall not be unreasonably withheld. Such relocation shall be solely at the Franchisee's expense. If the Franchisee relocates the Cannoli Kitchen Restaurant without CK Franchising's approval, in addition to the terms and conditions set forth in Section 16, CK Franchising may require the Franchisee at the Franchisee's additional and sole expense to relocate the Cannoli Kitchen Restaurant to another location which CK Franchising has approved or designated as suitable.

## ARTICLE 7. OPERATIONS

**7.1 Compliance with Manual and System Standards.** Franchisee shall at all times and at its own expense comply with all mandatory obligations contained in the Manual and with all other System Standards.

**7.2 Compliance with Law.** Franchisee and the Business shall comply with all laws and regulations. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business.

### **7.3 Food Service.**

(a) Menu. Franchisee shall offer all menu items and other products and services, and only those menu items, products, and services, from time to time prescribed by CK Franchising in the Manual or otherwise in writing.

(b) Preparation. Franchisee shall follow all recipes prescribed by CK Franchising, including, without limitation, use of all ingredients specified or authorized by CK Franchising, and only such ingredients to the extent required by the Manual any designated proprietary products or ingredients such as meats, cheese, dough, special seasonings and sauces from CK Franchising or a designated supplier (which may be an Affiliate). Franchisee agrees that such ingredients are prepared pursuant to secret, proprietary recipes and/or procedures belonging to CK Franchising.

(c) Method of Sale. Franchisee shall make sales only at the Location, or by off-site catering services, or at temporary event locations (e.g. street festivals). Unless otherwise approved or required by CK Franchising, Franchisee shall not make sales by any other means, including without limitation at a satellite locations, in the absence of an additional Franchise Agreement. CK Franchising retains the right to determine (and to change at any time) an area outside of which Franchisee cannot offer catering. If CK Franchising permits (or requires) self-delivery, CK Franchising retains the right to determine (and to change at any time) an area outside of which Franchisee cannot offer delivery. Franchisee's area for delivery and/or catering may be different from the Territory or Designated Marketing Area.

(d) Alcohol. Franchisee may serve beer and wine only with prior approval of CK Franchising, and only if Franchisee has obtained all applicable permits and licenses.

(e) Uniformity & Conformity. In all regards, Franchisee agrees that strict conformity with this Agreement, the System, and the Manual, is vitally important to the collective success of all Cannoli Kitchen Restaurants, including Franchisee's Restaurants, because of the benefits Franchisee and other Cannoli Kitchen operators will derive from uniformity in menu items, identity, quality, appearance, facilities, and service among all Cannoli Kitchen Restaurants. Any material failure to adhere to the requirements contained in this Agreement or in the Manual will be considered a material breach of this Agreement.

**7.4 Prices.** Notwithstanding any provision of this Agreement or the Manual to the contrary, Franchisee retains the sole discretion to determine the prices it charges for products and services.

## 7.5 Personnel.

(a) Management. The Business must at all times be under the on-site supervision of Franchisee or a general manager who has been properly trained by Franchisee or who has completed CK Franchising's training program for managers.

(b) Business Operations Training. CK Franchising reserves the right to set System Standards for operational training and deployment in addition to the initial training program for Franchisee and the general manager. Without limiting the generality of the foregoing, as of the date of this Agreement, CK Franchising requires that Franchisee employ at least two individuals in the Business working a combined total of 12 shifts each week (a shift being defined as either one hour prior to opening to 3:00 pm or 3:00 pm to one hour prior to closing) that have completed the designated training program at a Certified Training Restaurant. Franchisee and/or the general manager may serve this role if they have completed the designated training program. If Franchisee fails to have at least two such trained employees working the required number of shifts for a period lasting more than 120 days, Franchisee will be in default of this Agreement.

(c) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public. Franchisee and Franchisee's employees shall handle all customer complaints, refunds, returns and other adjustments in a manner that will not detract from the Cannoli Kitchen name and goodwill.

(d) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance, and hygiene standards set forth in the Manual.

(e) Qualifications. CK Franchising may set minimum qualifications for categories of employees employed by Franchisee.

(f) Sole Responsibility. Franchisee is solely responsible for the terms and conditions of employment of all Business personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and CK Franchising are not joint employers, and no employee of the Business will be an agent or employee of CK Franchising.

(g) Post-Opening Training. CK Franchising may at any time require that Franchisee and/or any of Franchisee's employees (including shift leaders and general managers) complete training programs in any format and in any location determined by CK Franchising. CK Franchising may charge a reasonable fee for any training programs. CK Franchising may require Franchisee to provide training programs to its employees. If a training program is held at a location which requires travel by Franchisee or any other employee, then Franchisee shall pay all travel, living and other expenses.

**7.6 Certified Training Restaurants.** CK Franchising may implement a program for certain restaurants to be certified by CK Franchising for the purpose of training managers, shift leaders, and/or other employees in the System ("Certified Training Restaurants"), on such terms and conditions as CK Franchising may determine. CK Franchising may require Franchisee to have its Business be a Certified Training Restaurant, to maintain such certification, and to train



managers, shift leaders, and/or other employees of other franchisees at Franchisee's Certified Training Restaurant.

**7.7 Software.** Without limiting the generality of Section 7.1 or Section 8.1, Franchisee shall acquire and use all software and related systems required by CK Franchising. Franchisee shall enter into any subscription and support agreements that CK Franchising may require. Franchisee shall upgrade, update, or replace any software from time to time as CK Franchising may require. Franchisee shall protect the confidentiality and security of all software systems and shall abide by any System Standards related thereto. Franchisee shall give CK Franchising unlimited access to Franchisee's point-of-sale system and other software systems used in the Business by any means designated by CK Franchising.

**7.8 Vehicle.** Without limiting the generality of Section 7.1 or Section 8.1, if Franchisee is approved for self-delivery services, Franchisee shall acquire and use the specific vehicle required by CK Franchising and its System Standards. Franchisee shall upgrade, update, or replace the vehicle from time to time as CK Franchising may require. Franchisee shall abide by any System Standards related to its vehicle and the delivery services provided thereto.

**7.9 Customer Complaints.** Franchisee shall use its best efforts to promptly resolve any customer complaints. CK Franchising may take any action it deems appropriate to resolve a customer complaint regarding the Business, and CK Franchising may require Franchisee to reimburse CK Franchising for any expenses.

**7.10 Customer Evaluation and System Compliance Programs.** Franchisee shall participate at its own expense in programs required from time to time by CK Franchising for obtaining customer evaluations and/or reviewing Franchisee's compliance with the System, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. CK Franchising shall share with Franchisee the results of these programs as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by CK Franchising for such programs.

**7.11 Payment Systems.** Franchisee shall accept payment from customers in any form or manner designated by CK Franchising (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by CK Franchising. Franchisee must at all times comply with payment card industry data security standards (PCI-DSS).

**7.12 Online and Third-Party Ordering.** CK Franchising may, in its sole discretion, develop, operate, maintain, and enhance a set of standards, procedures, and technological means for the purpose of interacting with and selling to customers and enhancing the presence of the System, including, without limitation: (1) accepting customer orders that are placed with, submitted to, and received by the System; (2) referring customer orders to franchisees (and, where applicable, other parties) for preparation, fulfillment, and delivery or pick-up; and, (3) coordinating the placement or fulfillment of orders by and through third-parties, business customers, and other Cannoli Kitchen ordering programs. These programs may include, without limitation, an online ordering system; a System-wide call center; "inter-franchise" ordering system; corporate account

or gift programs with dedicated business customers; co-branding and other collaborative marketing activities with other businesses; or any other such ordering activities or methods as may be developed in the future. These programs may be administered, in CK Franchising's sole discretion as CK Franchising deems best. CK Franchising may administer the programs or appoint one of its affiliates or an unaffiliated third party to administer the program. CK Franchising may require Franchisee to participate in the programs, and further require Franchisee to pay any and all fees associated with its participation. CK Franchising may also prohibit Franchisee from participating in the programs. Franchisee's right or obligation to participate in the programs shall be at CK Franchising's sole and absolute discretion. In the event that CK Franchising permits or requires Franchisee to participate in the programs, (1) Franchisee shall participate in accordance with CK Franchising's rules, requirements, restrictions and standards, which CK Franchising may change from time to time in its sole and absolute discretion, and (2) CK Franchising may rescind and revoke such permission or requirement at any time, without notice, and for any reason in CK Franchising's sole and absolute discretion.

**7.13 Gift Cards, Loyalty Programs, and Incentive Programs.** At its own expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs or customer incentive programs, designated by and in the manner specified by CK Franchising in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another Cannoli Kitchen business. Franchisee shall comply with all procedures and specifications of CK Franchising related to gift cards, certificates, and other pre-paid systems, or related to customer loyalty or customer incentive programs.

**7.14 Maintenance and Repair.** Franchisee shall at all times keep the Business in a neat and clean condition, perform all appropriate maintenance, and keep all physical property in good repair. In addition, Franchisee shall promptly perform all work on the physical property of the Business as CK Franchising may prescribe from time to time, including but not limited to, periodic interior and exterior painting; resurfacing of the parking lot; roof repairs; and replacement of obsolete or worn-out signage, floor coverings, furnishings, equipment, and décor. Franchisee acknowledges that the System Standards may include requirements for cleaning, maintenance, and repair.

**7.15 Remodeling.** In addition to Franchisee's obligations to comply with all System Standards in effect from time to time, CK Franchising may require Franchisee to undertake and complete a Remodel of the Location to CK Franchising's satisfaction. Franchisee must complete the Remodel in the timeframe specified by CK Franchising. CK Franchising may require the Franchisee to submit plans for CK Franchising's reasonable approval prior to commencing a required Remodel. CK Franchising's right to require a Remodel is limited as follows: (i) the Remodel will not be required in the first two or last two years of the term (except that a Remodel may be required as a condition to renewal of the term or a Transfer), and (ii) a Remodel will not be required more than once every five years from the date on which Franchisee was required to complete the prior Remodel.

**7.16 Meetings.** Franchisee shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls) that CK Franchising requires, including

any national or regional brand conventions. Franchisee shall not fail to attend more than three consecutive required meetings.

### **7.17 Insurance.**

(a) Franchisee shall obtain and maintain insurance policies in the types and amounts as specified by CK Franchising in the Manual. If not specified in the Manual, Franchisee shall maintain at least the following insurance coverage:

- (i) comprehensive general liability policy with a minimum combined single limit covering bodily injury, property damage and products, and completed operations of \$1,000,000;
- (ii) all-risk property insurance including fire, vandalism, theft, burglary and extended coverage with primary and excess limits of at least 80% replacement value of the Business and its inventory, equipment and fixtures;
- (iii) Employment Practices Liability Insurance with a combined single limit of at least \$500,000 including full prior acts coverage, third party coverage and Fair Labor Standard Acts coverage;
- (v) if Franchisee has written consent to provide self-delivery, auto liability and physical damage coverage: \$1 million combined single limit, \$1 million hired/non-owned liability, \$5,000 medical payments or Personal Injury Protection, and \$1 million uninsured/underinsured motorists liability;
- (vi) if the Business serves alcoholic beverages, separate coverage for liquor liability (commonly referred to as Dram Shop Liability) with limits of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit;
- (vi) all insurance required by applicable law, including workers' compensation and disability (limits may vary according to geographical location). If the applicable laws in Franchisee's state do not require the owners of the Business to be covered by worker's compensation insurance, Franchisee shall elect coverage for himself or herself.

(b) Franchisee's policies (other than Workers Compensation) must: (1) list CK Franchising and affiliates, which we designate, as an additional insured; (2) include a waiver of subrogation in favor of CK Franchising and its affiliates; (3) be primary and non-contributing with any insurance carried by CK Franchising or its affiliates; and (4) stipulate that CK Franchising shall receive 30 days' prior written notice of cancellation.

(c) Franchisee shall provide Certificates of Insurance evidencing the required coverage to CK Franchising prior to opening and upon annual renewal of the insurance coverage as well as at any time upon request of CK Franchising.

**7.18 Suppliers and Landlord.** Franchisee shall pay all vendors and suppliers in a timely manner. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location.

**7.19 Public Relations.** Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding CK Franchising, the System, the network of franchisees, the Business, or any particular incident or occurrence related to the Business, without CK Franchising's prior written approval.

**7.20 Association with Causes.** Franchisee shall not in the name of the Business: (i) donate money, products, or services to any charitable, political, religious, or other organization; or (ii) act in support of any such organization, without CK Franchising's prior written approval.

**7.21 No Other Activity at the Location.** Franchisee shall not engage in any activity at the Location other than operation of the Business.

**7.22 No Other Businesses.** If Franchisee is an entity, Franchisee shall not own or operate any other business except Cannoli Kitchen businesses.

**7.23 No Third-Party Management.** Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of CK Franchising, which will not be unreasonably withheld.

**7.24 No Co-Branding.** Franchisee shall not "co-brand" or associate any other business activity with the Business in a manner which is likely to cause the public to perceive it to be related to the Business.

**7.25 Identification.** Franchisee must identify itself as the independent owner of the Business in the manner prescribed by CK Franchising. Franchisee must display at the Business signage prescribed by CK Franchising identifying the Location as an independently-owned franchise.

**7.26 Business Practices.** Franchisee, in all interactions with customers, employees, vendors, governmental authorities, and other third parties, shall be honest and fair. Franchisee shall comply with any code of ethics or statement of values from CK Franchising. Franchisee shall not take any action which may injure the goodwill associated with the Marks.

**7.27 Crisis Management.**

(a) **"Crisis Management Event"** means any event that occurs at or about Franchisee's Restaurant premises or in connection with the operation of Franchisee's Restaurant that has or may cause harm or injury to customers or employees, such as food contamination, food spoilage/poisoning, food tampering/sabotage, contagious diseases, natural disasters, terrorist acts, shootings or other acts of violence, data breaches, real or threatened, or any other circumstance which may materially and adversely affect the System or the goodwill symbolized by the Marks.

(b) Upon the occurrence of a Crisis Management Event, Franchisee agrees to immediately inform CK Franchising of such event and to cooperate fully with CK Franchising,

Our designated representatives, and the appropriate authorities with respect to the investigation and resolution of the Crisis Management Event. In an effort to mitigate possible damages to the Marks and System, Franchisee must cooperate fully with CK Franchising with respect to management statements and other responses to the Crisis Management Event.

## ARTICLE 8. SUPPLIERS AND VENDORS

**8.1 Generally.** Franchisee shall acquire all Inputs required by CK Franchising from time to time in accordance with System Standards. CK Franchising may require Franchisee to purchase or lease any Inputs from CK Franchising, CK Franchising's designee, Required Vendors, Approved Vendors, and/or under CK Franchising's specifications. CK Franchising may change any such requirement or change the status of any vendor. To make such requirement or change effective, CK Franchising shall issue the appropriate System Standards.

**8.2 Equipment Package.** Without limiting the generality of the foregoing, Franchisee acknowledges that CK Franchising or its designated affiliate is the sole supplier of the Equipment Package described in Schedule A. CK Franchising and its affiliates expressly disclaim any warranties or representations as to the equipment, furniture, fixtures, and other items on Schedule A, including, without limitation, express or implied warranties as to merchantability or fitness for an intended purpose. Franchisee agrees to look solely to the manufacturer of the equipment, furniture, fixture, or other item in the event of any defects therein.

**8.3 Alternate Vendor Approval.** If CK Franchising requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by CK Franchising. CK Franchising may condition its approval on such criteria as CK Franchising deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. CK Franchising will provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within 30 days after receipt of Franchisee's request. Franchisee must pay the full cost of any tests or inspections as CK Franchising deems necessary, not to exceed \$1,000.

**8.4 Alternate Input Approval.** If CK Franchising requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by CK Franchising. CK Franchising will provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 30 days after receipt of Franchisee's request. Franchisee must pay the full cost of any tests or inspections as CK Franchising deems necessary, not to exceed \$1,000.

**8.5 Purchasing.** CK Franchising may implement a centralized purchasing system and negotiate prices and terms with vendors on behalf of the System. CK Franchising may receive rebates or payments from vendors in connection with purchases by franchisees. CK Franchising may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as CK Franchising may determine. CK

Franchising may designate proprietary products and mixes which may only be available for purchase from CK Franchising or a designated supplier (which may be an Affiliate), in which case CK Franchising will sell it to franchisees at reasonable markup.

**8.6 No Liability of Franchisor.** CK Franchising shall not have any liability to Franchisee for any claim or loss related to any product provided or service performed by any Approved Vendor or Required Vendor, including without limitation defects, delays, or unavailability of products or services.

**8.7 Product Recalls.** If CK Franchising or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from CK Franchising or the vendor, supplier, or manufacturer of such item with respect to the recall, repair, or other remedy of such item.

## ARTICLE 9. MARKETING

**9.1 Implementation.** Franchisee shall not use any marketing materials or campaigns (including point-of-sale materials, advertising, social media marketing, and sponsorships) that have not been approved by CK Franchising. CK Franchising's approval is not a warranty of any kind. Franchisee shall implement any marketing plans or campaigns determined by CK Franchising. CK Franchising will grant a variance to Franchisee upon Franchisee's request with respect to any marketing plan or campaign determined by CK Franchising for the purpose of Franchisee's compliance with any law or regulation, and Franchisee shall be solely responsible for ensuring Franchisee's materials and activities, including Franchisee's implementation of marketing plans and campaigns determined by CK Franchising, conform to applicable laws and regulations, do not infringe the intellectual property rights of any third party, including the trademarks, trade names, copyrights, copyright images, patents and designs belonging to a third party. Franchisee must restrict the targeting of public relations, promotional, sales and marketing activities and the activities of Franchisee and its agents to individuals and businesses located within Franchisee's Designated Marketing Area. Franchisee shall not actively market areas outside of the Designated Marketing Area using the Internet, telemarketing or other forms of direct marketing. Franchisee shall not indicate in any media, print or electronic, that you have a location or provide services in any area outside of the Designated Marketing Area.

**9.2 Use By CK Franchising.** CK Franchising may use any marketing materials or campaigns developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, royalty-free license to CK Franchising for such purpose.

**9.3 Marketing/Brand Fund.** In order to maximize the general public recognition and acceptance of Cannoli Kitchen Restaurants, CK Franchising may establish a Marketing/Brand Fund to promote the System on a local, regional, national, and/or international level. If CK Franchising has established a Marketing/Brand Fund:

(a) Separate Account. CK Franchising shall hold the Marketing/Brand Fund Contributions from all franchisees in one or more bank accounts separate from CK Franchising's other accounts.

(b) Use. CK Franchising shall use the Marketing/Brand Fund only for marketing, advertising, and public relations materials, programs, and campaigns (including at local, regional, national, and/or international level), and related overhead. The foregoing includes such activities and expenses as CK Franchising reasonably determines, and may include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Marks, and/or branding; development and maintenance of brand websites; social media; internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; printing and mailing; and administrative and overhead expenses related to the Marketing/Brand Fund (including the compensation of CK Franchising's employees working on marketing and for accounting, bookkeeping, reporting, legal and other expenses related to the Marketing/Brand Fund). CK Franchising will develop and modify from time to time as necessary a Marketing/Brand Fund Policy, which will include procedures and guidelines for disbursement and expenditures from the Marketing/Brand Fund.

(c) Discretion. Franchisee agrees that expenditures from the Marketing/Brand Fund need not be proportionate to contributions made by Franchisee or provide a direct or indirect benefit to Franchisee. The Marketing/Brand Fund will be spent at CK Franchising's sole discretion, and CK Franchising has no fiduciary duty with regard to the Marketing/Brand Fund.

(d) Surplus or Deficit. CK Franchising may accumulate funds in the Marketing Fund and carry the balance over to subsequent years. If the Marketing Fund operates at a deficit or requires additional funds at any time, CK Franchising may loan such funds to the Marketing Fund on reasonable terms.

(e) Financial Statement. CK Franchising will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of CK Franchising's fiscal year and will provide the financial statement to Franchisee upon request.

**9.4 Marketing Cooperatives.** CK Franchising may establish market advertising and promotional cooperative funds ("Market Advertising Cooperative") in any geographical areas. If a Market Advertising Cooperative for the geographic area encompassing the Location has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Market Advertising Cooperative. If a Market Advertising Cooperative for the geographic area encompassing the Location is established during the term of this Agreement, Franchisee shall become a member of such Market Advertising Cooperative within 30 days. CK Franchising shall not require Franchisee to be a member of more than one Market Advertising Cooperative. If CK Franchising establishes a Market Advertising Cooperative:

(a) Governance. Each Market Advertising Cooperative will be organized, be governed, and commence operations on a date determined by CK Franchising. CK Franchising may require the Market Advertising Cooperative to adopt bylaws or regulations prepared by CK

Franchising. Unless otherwise specified by CK Franchising, the activities carried on by each Market Advertising Cooperative shall be decided by a majority vote of its members. CK Franchising will be entitled to attend and participate in any meeting of a Market Advertising Cooperative. Any Cannoli Kitchen business owned by CK Franchising in the Market Advertising Cooperative shall have the same voting rights as those owned by its franchisees. Each Business owner will be entitled to cast one vote for each Business owned, provided, however, that a franchisee shall not be entitled to vote if it is in default under its franchise agreement. If the members of a Market Advertising Cooperative are unable or fail to determine the manner in which Market Advertising Cooperative monies will be spent, CK Franchising may assume this decision-making authority after 10 days' notice to the members of the Market Advertising Cooperative. All marketing materials or campaigns (including point-of-sale materials, advertising, social media marketing, and sponsorships) remain subject to approval of CK Franchising pursuant by Section 9.1.

(b) Purpose. Each Market Advertising Cooperative shall be devoted exclusively to administering regional advertising and marketing programs and developing (subject to CK Franchising's approval) standardized promotional materials for use by the members in local advertising and promotion.

(c) Approval. No advertising or promotional plans or materials may be used by a Market Advertising Cooperative or furnished to its members without the prior approval of CK Franchising pursuant to Section 9.1. CK Franchising may designate the national or regional advertising agencies used by the Market Advertising Cooperative.

(d) Funding. The majority vote of the Market Advertising Cooperative will determine the dues to be paid by members of the Market Advertising Cooperative, including Franchisee, but not more than 5% of Gross Revenues.

(e) Enforcement. Only CK Franchising will have the right to enforce the obligations of franchisees who are members of a Market Advertising Cooperative to contribute to the Market Advertising Cooperative.

(f) Termination. CK Franchising may terminate any Market Advertising Cooperative. Any funds left in a Market Advertising Cooperative upon termination will be transferred to the Marketing Fund.

**9.5 Required Spending.** Franchisee shall spend at least 5% of Gross Revenues each year on marketing the Business. Upon request of CK Franchising, Franchisee shall furnish proof of its compliance with this Section. CK Franchising has the sole discretion to determine what activities constitute "marketing" under this Section. CK Franchising may, in its discretion, determine whether Franchisee's Market Advertising Cooperative contributions will be counted towards Franchisee's required spending under this Section.

**9.6 Grand Opening Promotion.** Franchisee agrees to conduct an approved Grand Opening Promotion for the Restaurant within 30 days prior or 120 days after its opening. CK Franchising will assist Franchisee in planning for the Grand Opening in accordance with our standards, including, without limitation, standards related to the timing, type, size, and amount spent on the



grand opening promotion. All advertising, methods and media used in connection with such Grand Opening Promotion must have CK Franchising prior approval.

**9.7 Internet Marketing.** CK Franchising has the exclusive right to conduct and manage all marketing and commerce on the internet or other electronic medium, including all websites and “social media” marketing. Franchisee shall not conduct such marketing or commerce, nor establish any website or social media presence independently, except as CK Franchising may specify, and only with CK Franchising’s consent. CK Franchising retains the right to approve any linking to or other use of CK Franchising’s website. Franchisee must comply with any internet, online commerce and/or social media policy that CK Franchising may prescribe.

**9.8 Loyalty, Rewards, Promotional and Test Programs.** CK Franchising or our Affiliate may, from time to time, in our sole discretion, develop and administer national or regional advertising and sales promotion programs, loyalty and rewards programs (including, without limitation, gift card, gift certificate and other customer loyalty or retention programs) and test programs. Franchisee must participate in all such programs, at Franchisees expense and sign the forms and take the actions that CK Franchising require to participate in such programs. Franchisee acknowledge that such participation may require Franchisee to purchase reasonable point of sale advertising material, posters, flyers, product displays and other promotional materials.

## **ARTICLE 10. RECORDS AND REPORTS**

**10.1 Systems.** Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as CK Franchising may specify in the Manual or otherwise in writing.

### **10.2 Reports.**

(a) Financial Reports. Franchisee shall provide such periodic financial reports as CK Franchising may require in the Manual or otherwise in writing, including:

- (i) a quarterly profit and loss statement and balance sheet for the Business within 30 days after the end of each fiscal quarter of CK Franchising’s fiscal year;
- (ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of CK Franchising’s fiscal year; and
- (iii) any information CK Franchising requests in order to prepare a financial performance representation for CK Franchising’s Franchise Disclosure Document.

(b) Tax Returns. For each of Franchisee’s tax years, upon written request by CK Franchising, Franchisee shall supply to CK Franchising copies of Franchisee’s federal and state tax returns and sales tax returns or in lieu of federal tax returns supply to CK Franchising each tax year IRS Form 4506-T (or any successor form designated by the IRS), executed by

Franchisee, and authorizing the IRS to send CK Franchising a copy of Franchisee's Tax Return Transcript. Franchisee agrees to prepare and file such returns separately for the Business and not on a consolidated basis with the income, sales, expenses, or deductions of any other business with which Franchisee is associated reported therein.

(c) Legal Actions and Investigations. Franchisee shall promptly notify CK Franchising of any Action or threatened Action by any customer, governmental authority, or other third party against Franchisee or the Business, or otherwise involving the Franchisee or the Business. Franchisee shall provide such documents and information related to any such Action as CK Franchising may request to [compliance@ufgcorp.com](mailto:compliance@ufgcorp.com).

(d) Government Inspections. Franchisee shall give CK Franchising, via certified mail or email to [compliance@ufgcorp.com](mailto:compliance@ufgcorp.com), copies of all business licenses, inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee's receipt thereof.

(e) Other Information. Franchisee shall submit to CK Franchising such other financial statements, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that CK Franchising may reasonably request.

**10.3 Initial Investment Report.** Within 120 days after opening for business, Franchisee shall submit to CK Franchising, via certified mail or email to [compliance@ufgcorp.com](mailto:compliance@ufgcorp.com), a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of CK Franchising's Franchise Disclosure Document and with such other information as CK Franchising may request.

**10.4 Business Records.** Franchisee shall keep complete and accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three years. Franchisee shall keep such other business records as CK Franchising may specify in the Manual or otherwise in writing.

**10.5 Records Audit.** CK Franchising may examine and audit all books and records related to the Business, and supporting documentation, at any reasonable time. CK Franchising may conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by CK Franchising. Franchisee shall also reimburse CK Franchising for all costs and expenses of the examination or audit if the audit reveals that Franchisee understated Gross Revenues by 2% or more for the audited period.

## ARTICLE 11. FRANCHISOR RIGHTS

**11.1 Manual; Modification.** The Manual, and any part of the Manual, may be in any form or media determined by CK Franchising. CK Franchising may supplement, revise, or modify the Manual, and CK Franchising may change, add, or delete System Standards at any time in its discretion. CK Franchising may inform Franchisee thereof by any method that CK Franchising

deems appropriate (which need not qualify as “notice” under Section 18.9). In the event of any dispute as to the contents of the Manual, CK Franchising’s master copy will control.

**11.2 Inspections.** CK Franchising may enter the Location of the Business from time to time during normal business hours and conduct an inspection. Franchisee shall cooperate with CK Franchising’s inspectors. The inspection may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. CK Franchising may videotape and/or take photographs of the inspection and the Business. Without limiting CK Franchising’s other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an inspection. If CK Franchising conducts an inspection because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed inspection), then CK Franchising may charge all out-of-pocket expenses plus its then-current inspection fee to Franchisee.

**11.3 CK Franchising’s Right to Cure.** If Franchisee breaches or defaults under any provision of this Agreement, CK Franchising may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse CK Franchising for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

**11.4 Right to Discontinue Supplies or Services Upon Default.** While Franchisee is in default or breach of this Agreement, CK Franchising may: (i) require that Franchisee pay cash on delivery for products or services supplied by CK Franchising; (ii) stop selling or providing any products and services to Franchisee or to suspend its performance of any obligations under this Agreement; and/or (iii) request any third-party vendors to not sell or provide products or services to Franchisee. No such action by CK Franchising shall be a breach or constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of CK Franchising are in addition to any other right or remedy available to CK Franchising.

**11.5 Business Data.** All customer data and other non-public data generated by the Business is Confidential Information and is exclusively owned by CK Franchising. CK Franchising hereby licenses such data back to Franchisee without charge solely for Franchisee’s use in connection with the Business for the term of this Agreement.

**11.6 Innovations.** Franchisee shall disclose to CK Franchising all ideas, plans, improvements, concepts, methods, and techniques relating to the Business (collectively, “Innovations”) conceived or developed by Franchisee, its employees, agents, or contractors. CK Franchising will automatically own all Innovations and will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee.

**11.7 Communication Systems.** If CK Franchising provides email accounts and/or other communication systems to Franchisee, then Franchisee acknowledges that it has no expectation

of privacy in the assigned email accounts and other communications systems and authorizes CK Franchising to access such communications.

**11.8 Delegation.** CK Franchising may delegate any duty or obligation of CK Franchising under this Agreement to an affiliate or to a third party.

**11.9 System Variations.** CK Franchising may vary or waive any System Standard for any one or more Cannoli Kitchen franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices, local laws or regulations, or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

**11.10 Temporary Public Safety Closure.** If CK Franchising discovers or becomes aware of any aspect of the Business which, in CK Franchising's opinion, constitutes an imminent danger to the health or safety of any person, then immediately upon CK Franchising's order, Franchisee must temporarily cease operations of the Business and remedy the dangerous condition. CK Franchising shall have no liability to Franchisee or any other person for action or failure to act with respect to a dangerous condition.

**11.11 Internet Accounts.** Should Franchisee become the owner of any social media account, social networking website, other online account, domain name, or email address which include the trademarks "Cannoli Kitchen" or "Cannoli Kitchen Pizza" or any Trademark or derivation of any Trademark belonging to CK Franchising, Franchisee shall, upon CK Franchising's written request, assign all rights, title and interest in those social media accounts, social networking websites, online accounts, domain names and email addresses to CK Franchising.

## **ARTICLE 12. MARKS**

**12.1 Authorized Marks.** Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by CK Franchising, and only in the manner as CK Franchising may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee's operation of the Business, will inure to the exclusive benefit of CK Franchising. All social media accounts social networking websites, other online accounts, domain names and email addresses that include the marks "Cannoli Kitchen" or "Cannoli Kitchen Pizza" or any of the Trademarks or derivation of any Trademark belonging to CK Franchising will be the property of Franchisor. Should Franchisee become the owner of any social media account, social networking website, other online account, domain name, or email address which include or any Trademark or derivation of any Trademark belonging to CK Franchising, Franchisee shall, upon Franchisor's written request, assign all rights, title and interest in those social media accounts, social networking websites, online accounts, domain names and email addresses.

**12.2 Change of Marks.** CK Franchising may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after CK Franchising makes any such change, Franchisee must comply with the change, at Franchisee's expense.

**12.3 Infringement.** Franchisee shall promptly notify CK Franchising if Franchisee becomes aware of any possible infringement of a Mark by a third party. CK Franchising may, in its sole discretion, commence or join any claim against the infringing party. CK Franchising shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks.

## **ARTICLE 13. COVENANTS**

**13.1 Confidential Information.** With respect to all Confidential Information, Franchisee shall: (a) adhere to all procedures prescribed by CK Franchising for maintaining confidentiality; (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized in writing by CK Franchising; (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement; (e) not copy or otherwise reproduce any Confidential Information; and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by CK Franchising (except for Confidential Information which CK Franchising licenses from another person or entity). This Section will survive the termination or expiration of this Agreement indefinitely.

### **13.2 Covenants Not to Compete.**

(a) Restriction – In-Term. During the term of this Agreement, Franchisee shall not, directly or indirectly, have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post-Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), Franchisee shall not, directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor within ten miles of Franchisee’s Territory or the territory of any other Cannoli Kitchen business operating on the date of termination or transfer, as applicable.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then the parties intend that the court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of CK Franchising. Franchisee agrees that the existence of any claim it may have against CK Franchising shall not constitute a defense to the enforcement by CK Franchising of the covenants of this Section. If Franchisee fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

**13.3 Key Employees.** If requested by CK Franchising, Franchisee will cause its key employees to sign CK Franchising’s then-current form of confidentiality and non-compete agreement.

**13.4 Non-Disparagement.** Franchisee shall at no time make any derogatory statements about or otherwise disparage, defame, impugn, or damage the reputation of integrity of the others,

including CK Franchising and other CK Franchising franchisees in the System, provided that nothing contained herein will preclude Franchisee from providing truthful information in response to compulsory legal process. Franchisee shall not, and to use Franchisee's best efforts to cause any of Franchisee's agents, employees, or affiliates to not, disparage or otherwise speak or write negatively, directly or indirectly, of CK Franchising, CK Franchising's affiliates, and Franchisor's franchisees, or which would subject CK Franchising, CK Franchising's affiliates, or CK Franchising's franchisees to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact the goodwill of those parties.

## **ARTICLE 14.           DEFAULT AND TERMINATION**

### **14.1   Termination by CK Franchising.**

(a)    Subject to 15-Day Cure Period. CK Franchising may terminate this Agreement if: (i) Franchisee does not make any payment to CK Franchising when due, or if Franchisee does not have sufficient funds in its account when CK Franchising attempts an electronic funds withdrawal; or (ii) Franchisee fails to operate the Business in compliance with any System Standard, and Franchisee fails to cure such non-payment or non-compliance within 15 days after CK Franchising gives notice to Franchisee of such breach.

(b)    Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c) and fails to cure such breach to CK Franchising's satisfaction within 30 days after CK Franchising gives notice to Franchisee of such breach, then CK Franchising may terminate this Agreement.

(c)    Without Cure Period. CK Franchising may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i)    Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;
- (ii)   Franchisee knowingly submits any false report or knowingly provides any other false information to CK Franchising;
- (iii)   a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors or Franchisee makes a written statement to the effect that Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;
- (iv)   Franchisee fails to complete the initial training program to CK Franchising's satisfaction as required under Section 6.4;

- (v) Franchisee fails to open for business within 300 days of execution of the Franchise Agreement;
- (vi) Franchisee loses possession of the Location;
- (vii) Franchisee commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 13.2 (non-compete) or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;
- (viii) Franchisee abandons or ceases operation of the Business for more than five consecutive days;
- (ix) Franchisee slanders or libels CK Franchising or any of its employees, directors, or officers;
- (x) Franchisee refuses to cooperate with or permit any audit or inspection by CK Franchising or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2;
- (xi) the Business is operated in a manner which, in CK Franchising's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from CK Franchising or otherwise);
- (xii) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period;
- (xiii) CK Franchising (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate) (provided that termination of a Multi-Unit Development Agreement with Franchisee or its affiliate shall not give CK Franchising the right to terminate this Agreement); or
- (xiv) Franchisee is accused by any governmental authority or third party of any act that in CK Franchising's opinion is reasonably likely to materially and unfavorably affect Cannoli Kitchen brand, or is charged with, pleads guilty to, or is convicted of a felony.

(d) No Termination by Franchisee. THIS FRANCHISE AGREEMENT MAY BE TERMINATED ONLY BY CK FRANCHISING, AND MAY NOT BE UNILATERALLY TERMINATED BY FRANCHISEE.

**14.2 Effect of Termination.** Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to

non-competition, confidentiality, indemnity, and dispute resolution, will remain in effect, and Franchisee must immediately:

- (a) pay all amounts owed to CK Franchising based on the operation of the Business through the effective date of termination or expiration;
- (b) return to CK Franchising all copies of the Manual, Confidential Information and any and all other materials provided by CK Franchising to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items; and delete all copies of Confidential Information and proprietary materials from electronic devices, and turn over to CK Franchising all intellectual property associated with the Business and the System, including, but not limited to the following: any and all digital assets, including, but not limited to, all digitally-stored content (such as images, photos, videos and text files), whether stored locally at the Business or accessible via the internet, the cloud, or another digital storage device (such as a USB drive or zip drive) or stored with a third-party digital-storage provider (such as OneDrive or Dropbox); and all user names and passwords for any and all email accounts, social networking websites (such as Facebook<sup>®</sup>, Twitter<sup>®</sup>, LinkedIn<sup>®</sup>, Google+<sup>®</sup>, YouTube<sup>®</sup>, Pinterest<sup>®</sup>, Instagram<sup>®</sup>, Tumblr<sup>®</sup>, Flickr<sup>®</sup>, Reddit<sup>®</sup>, Snapchat<sup>®</sup>, TikTok<sup>®</sup>, Twitch<sup>®</sup>, Quora<sup>®</sup>, Medium<sup>®</sup>, Triller<sup>®</sup>, and WhatsApp<sup>®</sup>), blogs, review websites (such as Yelp<sup>®</sup> or Angie's List<sup>®</sup>), and any other online communities where the Business created or shared online content, or held itself out as speaking for or representing the Business;
- (c) notify the telephone, internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to CK Franchising or any new designee as may be directed by CK Franchising, including the execution of the assignment attached to this Agreement as Schedule D, and Franchisee hereby irrevocably appoints CK Franchising, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing;
- (d) cancel any assumed-name or equivalent registration involving the Marks and furnish CK Franchising with satisfactory evidence that it has done so, within 10 days after termination or expiration; and
- (e) permanently cease operating the Business and cease any use the Marks.

**14.3 Remove Identification.** Within 30 days after termination or expiration, Franchisee shall at its own expense “de-identify” the Location so that it no longer contains the Marks, signage, or any trade dress of a Cannoli Kitchen business, to the reasonable satisfaction of CK Franchising. Franchisee shall comply with any reasonable instructions and procedures of CK Franchising for de-identification. If Franchisee fails to do so within 30 days after this Agreement expires or is



terminated, CK Franchising may enter the Location to remove the Marks and de-identify the Location. In this event, CK Franchising will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by CK Franchising.

**14.4 Post-Termination Activities.** After termination or expiration of this Agreement, Franchisee shall not, directly or indirectly, use any of the Marks, Confidential Information, or any aspect of the System. Franchisee shall not represent itself as a present or former franchisee of CK Franchising or in any other way associate himself or herself with the System or the Marks. If Franchisee continues to operate, or subsequently begins to operate, any other business, Franchisee shall not, in connection with such business or the promotion thereof, use any reproduction or colorable imitation of the Marks, imitate any methods of operation, or undertake any other conduct that is likely to cause confusion, mistake, or deception, or that is likely to dilute CK Franchising and/or its affiliate's respective rights in and to the Marks. Without limitation of the foregoing, Franchisee shall not at any time after expiration or termination use or attempt to register (or assist any third party to do the same) any trademarks, service marks, or other commercial symbol that is the same as or similar to any of the Marks, nor any mark with phonetic or graphic similarity to those of CK Franchising or its affiliates;

**14.5 Other Claims.** Termination of this Agreement by CK Franchising will not affect or discharge any claims, rights, causes of action or remedies (including claims for CK Franchising's lost future income after termination), which CK Franchising may have against Franchisee, whether arising before or after termination.

**14.6 Purchase Option.** When this Agreement expires or is terminated, CK Franchising will have the right (but not the obligation) to purchase any or all of the assets related to the Business at fair market value, and/or to require Franchisee to assign its lease or sublease to CK Franchising. To exercise this option, CK Franchising must notify Franchisee no later than 30 days after this Agreement expires or is terminated. If the parties cannot agree on fair market value within 30 days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. CK Franchising's purchase will be of assets only (free and clear of all liens), and will not include any liabilities of Franchisee. If CK Franchising exercises the purchase option, CK Franchising may deduct from the purchase price: (a) all amounts due from Franchisee; (b) Franchisee's portion of the cost of any appraisal conducted hereunder; and (c) amounts paid or to be paid by CK Franchising to cure defaults under Franchisee's lease and/or amounts owed by Franchisee to third parties. If any of the assets are subject to a lien, CK Franchising may pay a portion of the purchase price directly to the lienholder to pay off such lien. CK Franchising may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee's taxes and other liabilities are paid. CK Franchising may assign this purchase option to another party.

## **ARTICLE 15. TRANSFERS**

**15.1 By CK Franchising.** CK Franchising may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, to any person or entity, and CK Franchising may undergo a change in ownership and/or control, without the consent of Franchisee.

**15.2 By Franchisee.** Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that CK Franchising entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience, and business ability. Accordingly, Franchisee shall not conduct or undergo a Transfer without providing CK Franchising at least 60 days prior notice of the proposed Transfer, and without obtaining CK Franchising's consent. In granting any such consent, CK Franchising may impose conditions, including, without limitation, the following:

- (a) CK Franchising receives a transfer fee equal to the greater of (1) \$29,500; (2) 10% of the price for the sale of the business (not to exceed the amount of the then current franchise fee); or (3) the then current transfer fee required to be paid under the then current franchise agreement as established by CK Franchising at the time of transfer;
- (b) the proposed assignee has completed CK Franchising's franchise application processes, met CK Franchising's then-applicable standards for new franchisees, and been approved by CK Franchising as a franchisee;
- (c) the proposed assignee is not a Competitor;
- (d) the proposed assignee executes CK Franchising's then-current form of franchise agreement, which form may contain materially different provisions;
- (e) Franchisee has paid all monetary obligations to CK Franchising in full, and Franchisee is not otherwise in default or breach of this Agreement;
- (f) the proposed assignee and its owners and employees undergo such training as CK Franchising may require;
- (g) Franchisee turns over to CK Franchising all digital assets, including, but not limited to, all digitally-stored content (such as images, photos, videos and text files), whether stored locally at the Business or accessible via the internet, the cloud, or another digital storage device (such as a USB drive or zip drive) or stored with a third-party digital-storage provider (such as OneDrive or Dropbox); and all user names and passwords for any and all email accounts, social networking websites (such as Facebook<sup>®</sup>, Twitter<sup>®</sup>, LinkedIn<sup>®</sup>, Google+<sup>®</sup>, YouTube<sup>®</sup>, Pinterest<sup>®</sup>, Instagram<sup>®</sup>, Tumblr<sup>®</sup>, Flickr<sup>®</sup>, Reddit<sup>®</sup>, Snapchat<sup>®</sup>, TikTok<sup>®</sup>, Twitch<sup>®</sup>, Quora<sup>®</sup>, Medium<sup>®</sup>, Triller<sup>®</sup>, and WhatsApp<sup>®</sup>), blogs, review websites (such as Yelp<sup>®</sup> or Angie's List<sup>®</sup>), and any other online communities where the Business created or shared online content, or held itself out as speaking for or representing the Business.
- (h) Franchisee and the transferee and its owners execute a general release of CK Franchising in a form satisfactory to CK Franchising; and
- (i) the Business fully complies with each System Standard.

**15.3 Transfer upon Death or Incapacity.** Upon the death or incapacity of Franchisee, Franchisee or his or her executor, administrator, or personal representative must assign this Franchise Agreement and Transfer the Business to a third party approved by CK Franchising within nine months after death or incapacity. Such transfer must comply with Section 15.2.

**15.4 CK Franchising’s Right of First Refusal.** Before Franchisee engages in a Transfer, CK Franchising will have a right of first refusal, as set forth in this Section. Franchisee shall provide to CK Franchising a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of CK Franchising’s receipt of such copy, CK Franchising will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that CK Franchising may substitute cash for any other form of payment). If CK Franchising does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Article.

**15.5 No Sublicense.** Franchisee has no right to sublicense the Marks or any of Franchisee’s rights under this Agreement.

**15.6 No Lien on Agreement.** Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an “all assets” security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

## **ARTICLE 16. INDEMNITY**

**16.1 Indemnity.** Franchisee shall indemnify and defend (with counsel reasonably acceptable to CK Franchising) CK Franchising, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively, “Indemnitees”) against all Losses in any Action by or against CK Franchising and/or any Indemnitee directly or indirectly related to, or alleged to arise out of, the operation of the Business or the use or occupancy of the Location or in connection with Franchisee’s sale, transfer or assignment of the Business and franchise license. Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnitee from Actions arising as a result of any Indemnitee’s willful misconduct or gross negligence. This indemnity will continue in effect after this Agreement ends. It is the intention of the parties to this Agreement that CK Franchising shall not be deemed a joint or co-employer with Franchisee for any reason; however, if CK Franchising incurs any Losses as a result of actions or omissions by Franchisee or its employees, including any that relate to any party making any finding of any joint or co-employer status, Franchisee will fully indemnify CK Franchising for any such Losses.

**16.2 Assumption by CK Franchising.** CK Franchising may elect to assume the defense and/or settlement of any Action subject to this indemnification, at Franchisee’s expense. Such an undertaking shall not diminish Franchisee’s obligation to indemnify the Indemnitees.

## **ARTICLE 17. DISPUTE RESOLUTION**

**17.1 Mediation.**

(a) Option for Non-Binding Mediation. Prior to litigation being initiated, either party may submit a dispute to non-binding mediation before the American Arbitration Association in accordance with its Commercial Mediation Procedures. Upon submission, the obligation to attend mediation shall be binding on all parties (except as provided in Subsection 17.1(b)), and all parties shall execute a confidentiality agreement regarding all aspects of the mediation reasonably satisfactory to CK Franchising. Each party will bear its own costs with respect to the mediation, except the fee for the mediator will be split equally. The mediation will take place in the state where Franchisee has its principal place of business.

(b) Limitation on Litigation. If a dispute has been submitted for mediation, then except as provided otherwise in this subsection (b), neither party will pursue litigation against the other with respect to the matters being mediated until after the mediation is concluded. Nothing in this Section will prevent any party from instituting or pursuing litigation at any time to preserve the status quo, protect the Marks, protect the health or safety of the public, or avoid irreparable harm. CK Franchising will not be required to participate in mediation under Subsection 17.1(a) if (i) Franchisee is more than 45 days past due in any payment owed to CK Franchising, or (ii) the mediation relates to the indemnification or insurance provisions of this Agreement.

**17.2 Arbitration.** Except to the extent CK Franchising elects to enforce the provisions of this Agreement by injunction as provided in this Agreement, any controversy or claim arising out of or relating to this Agreement, the business franchised hereunder or the relationship between the parties, including any claim that this Agreement, or any part thereof, is invalid, illegal, or otherwise void, shall be submitted to arbitration before the American Arbitration Association in accordance with its Commercial Arbitration Rules, in the locale of West Palm Beach, Florida, in which event both parties shall execute a confidentiality agreement reasonably satisfactory to CK Franchising. Judgment upon the award of the arbitrator may be entered in any court having jurisdiction thereof.

**17.3 Damages.** In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party's actual damages, except damages authorized by federal statute. In the event of termination of this Agreement prior to the expiration of the term due to Franchisee's default, CK Franchising's actual damages will include its lost future income from Royalty Fees and other amounts that Franchisee would have owed to CK Franchising but for the termination.

**17.4 Waiver of Class Actions.** The parties agree that any claims will be arbitrated, litigated, or otherwise resolved on an individual basis, and waive any right to act on a joint, consolidated, or class-wide basis.

**17.5 Time Limitation.** Franchisee must provide CK Franchising with immediate written notice of any breach of this Agreement, or any other agreement between Franchisee and any of the following parties, that Franchisee believes to have been committed or suffered by CK Franchising, its affiliates, or their respective owners, officers, directors, employees, or representatives. Notice of such breaches extends, without limitation, to breaches arising out of, or related to, the negotiation or performance of this Agreement by CK Franchising or concerning misrepresentations or any acts of misfeasance or nonfeasance. If Franchisee fails to give CK

Franchising written notice within one year from the date of any such breach, then such breach shall be deemed to have been waived by Franchisee and, thereupon, Franchisee shall be permanently barred from commencing any action relating to such believed breach; provided that where the one-year limitation of time is prohibited or invalid by or under any applicable law, then and in that event no suit or action may be commenced or maintained unless commenced within the applicable statute of limitations.

**17.6 Legal Costs.** In any legal proceeding related to this Agreement, the non-prevailing party shall pay the prevailing party's attorney fees, costs, and other expenses of the legal proceeding. "Prevailing party" means the party, if any, which prevailed upon the central litigated issues and obtained substantial relief.

**17.7 Additional Remedies of Franchisor.**

(a) You recognize that the business franchised hereunder is intended to be one of a large number of businesses identified by the Trademarks in selling to the public the products and services associated with the Trademarks, and hence the failure on the part of a single franchisee to comply with the terms of its franchise agreement is likely to cause irreparable damage to CK Franchising, and damages at law would be an inadequate remedy. Therefore, You agree that in the event of a breach or threatened breach of any of the terms of the Agreement by You, CK Franchising shall be entitled to seek an injunction restraining such breach and/or decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and costs incurred in obtaining said equitable relief. The foregoing equitable remedy shall be in addition to all remedies or rights that CK Franchising may otherwise have by virtue of any breach of this Agreement by You. CK Franchising shall be entitled to seek such relief without the posting of any bond or security, and if a bond shall nevertheless be required by a court of competent jurisdiction, the parties agree that the sum of ONE HUNDRED DOLLARS (\$100.00) shall be a sufficient bond.

(b) CK Franchising shall also be able to seek injunctive relief to prohibit any act or omission by You or Your employees that constitutes a violation of any applicable law, is dishonest or misleading to Your customers or other businesses, or constitutes a danger to Your employees or customers or to the public or which may impair the goodwill associated with the Trademarks or to compel your compliance with trademark standards and requirements to protect the goodwill of the Trademarks; to compel you to compile and submit required reports to us; or to permit evaluations or audits authorized by this Agreement.

(c) You expressly consent and agree that CK Franchising may, in addition to any other available remedies, obtain an injunction to terminate or prevent the continuance of any existing default or violation, and/or to prevent the occurrence of any threatened default by You of this Agreement.

**ARTICLE 18. MISCELLANEOUS**

**18.1 Relationship of the Parties.** The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. CK Franchising is not a fiduciary of Franchisee. CK Franchising does not control or have the right to control Franchisee or its

Business. Any required specifications and standards in this Agreement and in the System Standards exist to protect CK Franchising's interest in the System and the Marks, and the goodwill established in them, and not for the purpose of establishing any control, or duty to take control, over the Business. CK Franchising has no liability for Franchisee's obligations to any third party whatsoever.

**18.2 No Third-Party Beneficiaries.** This Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, CK Franchising, and CK Franchising's affiliates.

**18.3 Entire Agreement.** This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by CK Franchising in its Franchise Disclosure Document.

**18.4 Modification.** No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit CK Franchising's rights to modify the Manual or System Standards.

**18.5 Consent; Waiver.** No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance, or omission by a party to exercise any right will constitute a waiver of such right.

**18.6 Cumulative Remedies.** Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

**18.7 Severability.** The parties intend that: (i) if any provision of this Agreement is held by a court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded; and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

**18.8 Governing Law and Venue.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051 et seq.) or the Federal Arbitration Act, this Agreement and the franchise relationship will be governed by the laws of the state Florida. Any claims, controversies or disputes arising out of or related to this Agreement that are not subject to arbitration as provided above, will be brought exclusively in the Federal District Court for the Southern District of Florida or in the 15<sup>th</sup> Judicial Circuit in Palm Beach County, Florida. CK Franchising also has the right to file any such suit against Franchisee in the federal or state court where the Franchised Location is located. Each party to this Agreement irrevocably consents to the jurisdiction of such courts and waive all rights to challenge personal jurisdiction and venue. The provisions of this Section 18.8 will survive the termination of this Agreement.

**18.9 Notices.** Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (i) if to Franchisee, addressed to Franchisee at the notice

address set forth in the Summary Page; and (ii) if to CK Franchising, addressed to 2121 Vista Parkway, West Palm Beach, Florida 33411, Attention: General Counsel. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first rejection) and must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notwithstanding the foregoing, CK Franchising may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication.

**18.10 Joint and Several Liability.** If two or more individuals sign this Agreement as the “Franchisee”, each will have joint and several liability.

**18.11 No Offer and Acceptance.** Delivery of a draft of this Agreement to Franchisee by CK Franchising does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and CK Franchising.

**18.12. Our Reasonable Business Judgment.** Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise reasonable business judgment in making our decision or exercising our rights. Our 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 our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Trademarks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing, or encouraging modernization and improving the competitive position of the System.

## **ARTICLE 19. CERTIFICATION OF FRANCHISOR’S COMPLIANCE**

By signing this Agreement, Franchisee acknowledges the following:

- (1) Franchisee understands all the information in CK Franchising’s Disclosure Document.
- (2) Franchisee has been advised by CK Franchising to discuss Franchisee’s intention to enter into this Agreement with other franchisees, business advisors, and legal advisors.
- (3) Franchisee understands the success or failure of the Business will depend in large part upon Franchisee’s skills, abilities, and efforts and those of the persons Franchisee employs, as well as many factors beyond Franchisee’s control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace.
- (4) The exclusive rights of CK Franchising in and to the System as presently developed or as it may be improved and expanded during the term of this Agreement, including practices, know-how, trade secrets, recipes, designs, marks,

logos, décor, marketing, signs, and slogans presently in use and to be used hereafter.

- (5) The importance of CK Franchising's high standards of quality and service and the necessity of operating the Business franchised hereunder in strict conformity with CK Franchising's standards and specifications.
- (6) That no person acting on CK Franchising's behalf made any statement or promise regarding the costs involved in operating a Cannoli Kitchen franchise that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document, and Franchisee is not relying on any such statement or promise.
- (7) That no person acting on CK Franchising's behalf made any claim or representation to Franchisee, orally, visually, or in writing, that contradicted the information in the Disclosure Document, and Franchisee is not relying on any such claim or representation.
- (8) That no person acting on CK Franchising's behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money Franchisee may earn, or the total amount of revenue a Cannoli Kitchen franchise will generate, that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document, and Franchisee is not relying on any such statement or promise.
- (9) That no person acting on CK Franchising's behalf made any statement or promise or agreement, other than those matters addressed in this Agreement, concerning advertising, marketing, media support, market penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Disclosure Document, and Franchisee is not relying on any such statement or promise.
- (10) Franchisee understands that this Agreement contains the entire agreement between CK Franchising and Franchisee concerning the Cannoli Kitchen franchise, which means that any oral or written statements not set out in this Agreement will not be binding.

*Signatures on following page.*



THE PARTIES HERETO acknowledge that they have read and fully understand all of the above and foregoing. By signing below, each party agrees to abide by all of the terms and conditions contained in this Agreement.

**CK Franchising, LLC**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Franchisee:**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**Corporate Name (If Applicable):**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

*(Check if applicable)* At the same time as the parties execute this Agreement, they are also executing a Rider to Franchise Agreement pursuant to:

- \_\_\_\_\_ Illinois
- \_\_\_\_\_ Indiana
- \_\_\_\_\_ Maryland
- \_\_\_\_\_ Minnesota
- \_\_\_\_\_ New York
- \_\_\_\_\_ North Dakota
- \_\_\_\_\_ Rhode Island
- \_\_\_\_\_ Washington
- \_\_\_\_\_ Other

## Schedule A to Franchise Agreement

### **CANNOLI KITCHEN PIZZA – UNITED STATES – 2023-24**

#### **DOUBLE STACK PIZZA OVEN**

The Pizza Oven is one of the main components of your Cannoli Kitchen Pizza. Bake your signature pizzas perfectly every time with this Double Stack Pizza Oven that comes standard with 60” baking chambers and a modulating burner. The modulating burner works by precisely controlling both gas and combustion air and attain maximum efficiency through its entire firing range. With not one, but two stacked ovens, you'll be able to satisfy even the most demanding of appetites. Bake multiple pizzas at once, saving you precious time and maximizing productivity.

#### **PIZZA MIXER**

The Pizza Dough Mixer is ideal for your Cannoli Kitchen Pizza because it makes preparation of pizzas in high volume quick and easy. The unit comes with an easy-to-use stainless steel 60-quart swing bowl to add, check, and take out the contents. There is a 60 qt dough hook to mix the batter uniformly. The two (2) fixed speeds offer consistent and reliable results when it comes to kneading heavy dough. The Pizza Dough Mixer features a control system that allows the user to change its mixing speed for better results. It comes with a (12) taper attachment hub to carry out different activities other than mixing.

#### **WALK-IN COOLER**

This walk-in cooler is used to store large quantities of food at a safe holding temperature. Storing food at the proper temperature can help prevent your ingredients from spoiling too quickly, saving you money on wasted products. With insulated walls, durable construction, a heavy-duty swing door and settings for temperature control this walk-in cooler is an efficient, long-lasting addition to your restaurant. It also includes a variety of wire shelves for storage.

#### **PIZZA DISPLAY**

Attract hungry customers and showcase your mouthwatering pizzas like never before with your top-of-the-line Pizza Display Case. This isn't just any display; it's a work of style and function that will turn your Cannoli Kitchen Pizza into a culinary destination. A custom glass display and sneeze guard will be added to your front counter to showcase the tasty pizzas, cannolis, and side dishes you make for your customers while keeping them safe and sanitary. This display will have mounting posts to ensure the security of the large display. A glass middle shelf will give another level to further show off your delicious foods.

#### **SANDWICH PREP TABLES**

The two (2) Sandwich Prep Tables are the perfect size for any operation giving you the convenience of ingredient storage and plenty of prep space all in a small footprint. They are covered, cool storage spaces for your pre-cut produce, garnishes, condiments, and other toppings with an open-air approach to keep your pans cooled at a consistent temperature for your signature sandwiches and salads. They have swinging doors that are self-closing, adjustable shelves, and great interior bottom storage cabinets for cold storage. Stainless-steel construction ensures that your kitchen looks stylish while prolonging product life and heavy-duty wheels for easy mobility.

## **6-BURNER RANGE**

A combination of 6 open top burners and a spacious convection oven makes this natural gas range a tremendous asset to your commercial kitchen. You can effortlessly boil, sauté, simmer, and perform a variety of other cooking tasks on heavy-duty cast iron grates, and the oven provides you with a convenient way to warm your delicious foods and keep them at a safe temperature. Due to its small footprint this unit is a great way to consistently produce high-quality food while getting the most out of your operation's valuable floor space. An extra-deep crumb tray expedites the cleaning process, as it can be removed and emptied when it gets full. It also has 4 casters so it can be moved easily for cleaning.

## **DOUGH PRESS**

An automatic air powered pizza dough press lets you flatten dough balls into pizzas up to 18" in diameter, without the need for flour, dough rollers or skilled hands. Simply set the time, temperature and thickness, and the press does all the work. The heated upper platen helps your dough balls flatten faster, or you can use them without heat for cold pressing.

## **PIZZA PREP TABLE**

Streamline the process of pizza prepping by optimizing the efficiency of your operations with this reliable Pizza Prep Table. Featuring forced-air refrigeration, the 3-door under counter storage is ideal for keeping pizza dough and pre-prepped pizza fresh and ready to bake. You can store pizza toppings like cheese, sausages, pepperoni, and sauces so that they are easily accessible all the time. This table includes an adjustable shelf for every door to keep the trays, sheet pans, and ingredients in an organized manner. The removable deep cutting board helps you chop vegetables and meat easily. This table helps simplify and speed up the pizza preparations so that your customers can eat delicious food without much waiting.

## **FLOOR FRYERS**

Whether it is french fries, chicken wings, mozzarella sticks, rice balls these three (3) Floor Fryers helps you achieve a perfect golden-brown crunch your customers will crave. These tube-fired fryers take all the guesswork out of deep frying, thanks to easy-to-use thermostatic controls that maintain a consistent temperature. Twin chrome-plated fryer baskets allow you to cook multiple batches of food at once, and their hand grips have a plastic coating that prevents them from getting too hot to handle. Integrated hanger rails provide a convenient place to store baskets when they're not submerged, and they also make it easy to drain off excess oil to avoid greasy, soggy products.

## **CHEESE MELTER / BROILER**

This unit helps to save you time and money while delivering consistent, delicious results. This Cheese Melter / Broiler is perfect for grilling, roasting, warming, browning, and melting cheese on Baked Pasta dishes within a compact unit. The dual gas controls offer more precision and versatility when cooking, allowing you to prepare a variety of products with ease. It is mounted on the wall or on the range.

## **GELATO SCOOPING CABINET**

Your Cannoli Kitchen Pizza patrons will not be able to refuse the gelato when it is displayed in this cabinet. This is the perfect addition to elevate your Cannoli Kitchen Pizza restaurant. This

innovative cabinet is designed to provide you with the ideal environment to store and serve your frozen treats while captivating your customers with its sleek design and exceptional functionality. Temperature precision, easy access, durable construction, easy cleaning and customer engagement are just a few of the benefits of this cabinet.

### **WORKTOP REFRIGERATOR**

Pre-work is extremely important in every kitchen. This Worktop Refrigerator has plenty of space to hold pre-sliced or unsliced vegetables and proteins. Its durable stainless-steel top lends a lot of prep space for total efficiency.

### **WORKTOP FREEZER**

Strategically give yourself space to prepare dishes while still keeping produce frozen. The Worktop Freezer is made of stainless-steel exterior and painted aluminum interior. Walls and doors are insulated to keep food at the perfect frozen temperature. Features include recessed door handles for easy opening and closing as well as one adjustable, epoxy-coated wire shelf per door to fit everything you need, where you need it and a one-piece, stainless-steel backsplash.

### **REACH-IN REFRIGERATOR**

When it comes to preserving the freshness of your restaurant's ingredients, our Reach-In Refrigerator is your ultimate ally. The self-contained, energy efficient refrigerator is built to meet the high demands of your Cannoli Kitchen Pizza. This one-door refrigerator is ideal for use in dry storage areas. Both the exterior and interior of the unit are constructed of tough stainless steel, which provides a sleek look while remaining easy to clean and maintain. This unit will give you proper space for quick-grab items and pre-prepped food.

### **REACH-IN FREEZER**

The importance of a dependable Reach-In Freezer cannot be overstated. Our Reach-In Freezer is not just a piece of equipment; it's your ally in preserving the quality, flavor, and safety of your dishes. This freezer has ample storage capacity, precise temperature controls and is energy efficient.

### **UNDERCOUNTER WARMING CABINET**

Keep hot foods at the perfect temperature and ready to serve at a moment's notice with these compact, versatile units. The three (3) Warming Cabinets are for storing cooked entrees to get ahead of the busy lunch and dinner rush.

### **ICE BIN**

This Ice Bin is designed for bulk ice storage, making it ideal for your Cannoli Kitchen Pizza. Thanks to its metal finish, the ice bin is easy to clean and maintain; it's also resistant to corrosion and smudges. The Ice Bin features an ergonomic door that remains at an angle when opened, allowing easy access to the ice inside. The door is foam insulated to prevent condensation from building up on the exterior, and it features integrated side grips for ease of use. It includes an ergonomic ice scoop that is NSF approved for sanitary concerns, and it comes with a built-in knuckle and thumb guard. Also included is a Water Filtration Assembly which maintains your water's high quality to create safe and crystal-clear ice.

## **FOOD PROCESSOR**

Cut down on prep time while cutting and mixing a variety of ingredients with a powerful motor. This robust unit packs the requisite power and torque to handle large quantities of fruits and vegetables for efficient mixing of dips and sauces. The components of this food processor are easily disassembled and dishwasher-safe, making cleaning a breeze.

## **DINING AREA SEATING\***

Cannoli Kitchen Pizza's unique red metal chairs mixed with individual tables will give your dining area a cohesive and fresh look. A custom designed layout will be provided for your restaurant to ensure the maximum number of seats are available for your busy dining room and will meet ADA requirements. \*Based on a standard layout.

## **SHELVING**

A custom layout of your space ensures the Shelving maximizes your storage space. A variety of different size wall-mounted and standalone wire coated kitchen Shelving provides maximum storage for all small wares, non-perishable food items, pans, and other kitchen items. Also included is a Dunnage Rack for additional storage in your Walk-In Cooler.

## **STAINLESS-STEEL WORKTABLES**

A custom arrangement of a variety of sized, Stainless-Steel Worktables are provided for food preparations and to hold commonly used kitchen accessories.

## **KITCHEN DESIGN & INSTALLATION**

Restaurant Industry specialists are experts in the layout and design of your space and specifying the equipment that you will need. Whether a new restaurant layout, remodel, or takeover of an existing 2nd generation space our team will analyze your equipment layout for top operational performance. Our team of designers will provide full-service design experience delivering restaurant plans, kitchen equipment layout and rough-in CAD drawings for your architect's use. Our professional installation team will complete all installations of the provided equipment as needed. Complete installation of cooler boxes as well as the setup, connection, and testing of all provided equipment.

## **SMALLWARES**

A variety of necessary utensils, storage containers, pans, bowls, pots, and many other kitchen tools are supplied for an easy start-up of your restaurant. The Smallwares consist of cutting boards, strainers, measuring cups, pizza screen, and many more items that are used throughout your restaurant and kitchen.

## **POINT OF SALE TECHNOLOGY**

In today's fast-paced business environment, efficiency and customer experience are paramount. Our state-of-the-art Point of Sale (POS) system is designed to do just that, helping you not only streamline your operations but also create memorable experiences for your customers. Two Point-of-Sale (POS) Terminals will be provided for your front counter area to allow multiple people to take orders at one time. A POS Terminal consists of a tablet for taking orders, a tablet for customer display, a display stand, a receipt printer, and a cash drawer. All cables and hardware are included for your complete POS system.

### **RESTAURANT SOUND SYSTEM**

Music is a crucial element to creating ambience and a positive customer experience. The Sound System Package is the hardware you need to install a high-quality sound system in your restaurant. This system includes hanging pendant speakers for your dining area, and an amplifier to connect your music streaming service.

### **DIGITAL MENU BOARDS**

There is no substitute for the value that digital signage adds to any business. Flexibility and dynamic content allow you to build effective strategies and track results like never before. Four Digital Menu Screens (4) will be displayed above your front counter to show the multiple menu items you provide for your customers. These will be easy to update to reflect monthly specials and price changes to help ensure profit and growth with the ever-changing food costs.

### **MANAGEMENT COMPUTER**

The Management Computer, Microsoft Office Program and desktop monochromatic Laser Printer will allow you to work on necessary reporting, and emails in the restaurant or at home.

### **CANNOLI KITCHEN PIZZA UNIFORM AND SHIRTS**

Your restaurant's identity is not just about the food; it's also about the experience. And part of that experience starts with the attire of your dedicated staff. Elevate your team's look and enhance your brand's image with your Cannoli Kitchen Pizza T-Shirts and Caps. These premium quality shirts show professionalism, consistency, and brand recognition inside and outside of your restaurant.

### **MARKETING LAUNCH PROGRAM**

The successful launch of your new restaurant relies on a series of strategies and tactics that begin weeks before your location opens its doors to the public. Most people think of a Grand Opening as a single event scheduled on a specific date at a specific time, however, when launching a new restaurant, the Grand Opening activities happen throughout the launch period, allowing you to apply marketing tactics and resources beginning prior to opening and continuing through the first eight to twelve weeks of operations. This strategy helps grow your traffic simultaneously to growing your team's experience and gives your new customers multiple reasons to visit and return again.

The launch program is comprised of several different methods of marketing, each containing multiple tactics and activations.

- Online Digital Marketing: This a mixture of organic and paid digital and social media outreach and advertising.
- PR (public relations) and Media Outreach: This involves the creation of your location specific press release and locally targeted media pitching to gain earned radio, TV, and local publication placements.
- Direct Mail & Four Walls Marketing: Direct mail targets potential customers in your area with a tangible promotional piece with an impactful, limited time offer and introduction to the brand. Indoor marketing targets customers within your four walls, educating them on additional offers, products, and services.

- **Community Outreach:** This includes a ribbon cutting event, philanthropic activity, give-away contest/sweepstakes, business canvassing tools, sampling, and influencers.

### **TRADITIONAL MARKETING LAUNCH**

Local community engagement is a cornerstone of building the Cannoli Kitchen Pizza name in your local trading area. Therefore, we will provide you with a variety of custom-printed marketing materials that can be used to hand out and promote the opening of your restaurant. In addition, you will receive a variety of other printed materials such as a Catering and Take Out Menus.

### **PUBLIC RELATIONS AND MEDIA OUTREACH**

To create buzz in your community that drives traffic to your location, we utilize a press release and targeted local media pitching to gain earned placements in publications and other local media outlets (like TV and radio where available). Earned placements are different than traditional advertising because they are unpaid or gained through trade (examples of trade are food samples, free meals, or gift cards), persuading local press and media outlets to share your story. Similar tactics are used for community and online influencers, inviting them to give positive endorsements and online reviews. These placements, articles, stories, endorsement, and reviews generate content that is shared online and on social media, increasing your organic content, online footprint, and ratings in online aggregates.

### **ONLINE MARKETING**

When most people look for a new place to eat, they start their search online. Because of that, the largest portion of your launch budget supports an aggressive online marketing strategy and digital ad spend. Beginning several weeks prior to opening to the public, we set up your online accounts, using the platforms that best match the brand's targeted audience as well as your location specific webpage. Examples of the set-up include listings and platforms such as Google My Business, Yelp, Facebook, Instagram, LinkedIn and a Grand Opening landing page for contests and give-a-ways. These accounts are considered brand assets because they are utilized for organic and paid advertising and play an integral part in driving SEO (search engine optimization), traffic, gaining leads, and building and managing your online reputation and following.

The online marketing campaign begins with a "Coming Soon" message on the website, your location's social media accounts and select online listings. Using a combination of paid and organic posts, your opening is advertised to create impressions and invite targeted customers to engage in promotions and limited time offers, growing your customer database prior to opening to the public. After you open the messaging changes to an "Open Now" campaign, and once your Grand Opening events and activities are scheduled, the messaging invites the targeted audience to your events, incentivizing with promotions, give-a-ways, and special offers.

Internet based reputation management tools are utilized to increase online reviews. Geo-targeting and highly targeted customer profiling is utilized to identify and advertise to your local online audience that is most likely to purchase. Similar tools are also used to convert new customers to the loyalty/reward program. The tools and platforms provided allow for customer outreach for

both email and SMS texting and analytic mechanisms to measure results and provide comprehensive, timely reports.

### **DIRECT MAIL & FOUR WALLS MARKETING**

Direct mail is a tactic used to boost traffic after the initial excitement of your opening begins to trail off (after your Grand Opening events). This is a great way to not only expose a large group of nearby, targeted potential customers to your location, but also put a tangible invitation in their hands that introduces them to the brand with a compelling offer. Four walls marketing inside your location is also important to expose your customers to additional offers, products, and services (like catering, gift cards, and seasonal offers) so you will also receive printed marketing collateral to include inside the location that re-enforce our marketing campaigns and initiatives.

### **COMMUNITY OUTREACH**

Local community engagement is a cornerstone of success at Cannoli Kitchen Pizza, and it starts with creating a compelling and impactful series of Grand Opening events during your launch. This takes place about four weeks after you open to the public and includes a community impact or philanthropic event, a ribbon cutting, a give-a-way event, and a contest/sweepstakes. Creating a variety of events over several days to a week gives you more reasons to engage your local audience, amplify your engagement and outreach on multiple levels.

We will provide you with a variety of printed marketing materials that can be used when networking in your community, canvassing businesses and handing out samples to promote the opening of your restaurant. It is important you know your local trading area; your competition and what events and activities are happening during your launch and ongoing so you can plan the timing of your activities to your advantage and get the most out of the time you invest in visiting local businesses and organizations. It is also important for you to follow-up on your outreach to develop relationships and keep connections from your initial outreach.

### **SHIPPING & DELIVERY**

Specialists in consolidating, staging, and packaging equipment from various vendors and manufacturers as required for your project. Our skilled warehouse personnel will receive, stage, load and ship all products to be safely received onsite when required.

**Restaurant Package Total: \$254,143\***

**Plus tax**

\*Pricing is based on a standard layout consisting of 900 - 1200 square feet of usable space. Larger locations may require additional seating options. Inside cabling and wiring not included.

\*\*All interior and exterior signs may be subject to approval by local municipal authorities and landlords. If changes are required, Cannoli Kitchen Pizza Franchising, LLC. will order signs to conform to landlord and municipal authority requirements.

Because we are constantly improving our products and equipment, we reserve the right to revise, change and/or substitute product features, dimensions, specifications, and designs without notice to improve our franchises' capabilities and quality. Prices are subject to change without notice.

Due to the customization of the above-mentioned equipment, the estimated time of delivery is 10 weeks from the order placed.



**Schedule B to Franchise Agreement**

**LOCATION ACCEPTANCE LETTER**

To: \_\_\_\_\_

This Location Acceptance Letter is issued by CK Franchising, LLC for your Cannoli Kitchen franchise in accordance with Section 6.1 of the Franchise Agreement.

1. The Location of the Business is:

\_\_\_\_\_

2. The Territory of the Business is:

\_\_\_\_\_

**CK Franchising, LLC**

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

Name/Title: \_\_\_\_\_

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

**Schedule C to Franchise Agreement**

**ELECTRONIC FUNDS TRANSFER**

**AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO  
CK FRANCHISING, LLC (“PAYEE”)**

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, “debits”) drawn on such account which are payable to the above-named Payee. It is agreed that Depository’s rights with respect to each such debit shall be the same as if it were a check drawn and signed by Depositor. It is further agreed that if any such debt is not honored, whether with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least thirty (30) days written notification from Depositor of its termination.

The Depositor agrees with respect to any action taken pursuant to the above authorization:

- (1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft, or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.
- (2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.
- (3) To defend at Depositor’s own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository’s or Payee’s participation therein.

Name of Depository: \_\_\_\_\_

Name of Depositor: \_\_\_\_\_

Designated Bank Acct.: \_\_\_\_\_

(Please attach one voided check for the above account)

Business Location: \_\_\_\_\_

Business #: \_\_\_\_\_

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

Phone #: \_\_\_\_\_

Fax #: \_\_\_\_\_

\_\_\_\_\_  
Name of Franchisee/Depositor (please print)

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

Signature and Title of Authorized Representative

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

**Schedule D to Franchise Agreement**

**ASSIGNMENT OF TELEPHONE NUMBERS, DOMAIN NAMES, AND EMAIL ADDRESSES**

This assignment shall be effective as of the date of termination of the Franchise Agreement entered into between CK Franchising, LLC (“Cannoli Kitchen”) and \_\_\_\_\_ (“Franchisee”). Franchisee hereby irrevocably assigns to Cannoli Kitchen or its designee the telephone number or numbers and listings, domain names and email addresses issued to Franchisee with respect to each and all of Franchisee’s Cannoli Kitchen businesses. Franchisee agrees to pay all amounts, whether due and payable or not, that any domain name registry (“Registry”) or internet service provider (“ISP”) may require in connection with such transfer. This assignment is for collateral purposes only and Cannoli Kitchen shall have no liability or obligation of any kind whatsoever arising from this assignment, unless Cannoli Kitchen desires to take possession and control over the telephone numbers, domain names and email addresses.

Cannoli Kitchen is hereby authorized and empowered upon termination of the Franchise Agreement that, and without any further notice to Franchisee, to notify the telephone company, as well as any other company that publishes telephone directories (“telephone companies”), the Registry and the ISP to transfer the telephone numbers, domain names and email addresses to Cannoli Kitchen or such other person or firm as is designated by Cannoli Kitchen. In furtherance thereof, Franchisee hereby grants an irrevocable power of attorney to Cannoli Kitchen and appoints Cannoli Kitchen as its attorney-in-fact to take any necessary actions to assign the telephone numbers, domain names and email addresses including but not limited to, executing any forms that the telephone companies, the Registry or the ISP may require to effectuate the assignment. This assignment is also for the benefit of the telephone companies, the Registry and the ISP and the telephone companies, the Registry and the ISP may accept this assignment and Cannoli Kitchen’s instructions as conclusive evidence of Cannoli Kitchen’s rights in the telephone numbers, domain names and email addresses and Cannoli Kitchen’s authority to direct the amendment, termination or transfer of the telephone numbers, domain names and email addresses as if they had originally been issued to Cannoli Kitchen. In addition, Franchisee agrees to hold the telephone companies, the Registry, and the ISP harmless from any and all claims against them arising out of any actions or instructions by Cannoli Kitchen regarding the telephone numbers, domain names and email addresses.

**CK Franchising, LLC**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Franchisee:**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**Corporate Name (If Applicable):**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## Schedule E to Franchise Agreement

### OWNERS AGREEMENT

As a condition to the execution by CK Franchising, LLC (“we” or “us”), of a Franchise Agreement with \_\_\_\_\_ (“Franchisee”), each of the undersigned individuals (“Owners”), who constitute all of the owners of a direct or indirect beneficial interest in Franchisee, as well as their respective spouses, covenant and agree to be bound by this Owners Agreement (“Owners Agreement”).

#### 1. **Acknowledgments.**

1.1 **Franchise Agreement.** Franchisee entered into a franchise agreement with us effective as of \_\_\_\_\_ (“Franchise Agreement”). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 **Role of Owners.** Owners are the beneficial owners or spouses of the beneficial owners of all of the equity interest, membership interest, or other equity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns. Franchisee’s obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee’s owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

#### 2. **Non-Disclosure and Protection of Confidential Information.**

2.1 **Confidentiality.** Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee’s non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

2.2 **Immediate Family Members.** Owners acknowledge that they could circumvent the purpose of Section 2.1 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). Owners also acknowledge that it would be difficult for us to prove whether Owners disclosed the Confidential Information to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 2.1 if any member of his or her immediate family uses or discloses the Confidential Information or engages in any activities that would constitute a violation of the covenants listed in Section 3, below, if performed by Owners. However, Owners may rebut this presumption by furnishing evidence conclusively showing that Owners did not disclose the Confidential Information to the family member.

### **3. Covenant Not To Compete and To Not Solicit.**

3.1 Non-Competition and Non-Solicitation During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition and solicitation both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition and non-solicitation will be construed as independent of any other covenant or provision of this Owners Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree 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 were separately stated in and made a part of this Section 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

### **4. Guarantee.**

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

## **5. Transfers.**

Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding transfers. Owners acknowledge and agree that any attempted transfer of an interest in Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Owners Agreement and the Franchise Agreement.

## **6. Notices.**

6.1 Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 Notice Addresses. Our current address for all communications under this Owners Agreement is:

CK Franchising, LLC  
2121 Vista Parkway  
West Palm Beach, FL 33411

The current address of each Owner for all communications under this Owners Agreement is designated on the Statement of Ownership, attached to this Owners Agreement as Attachment A. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

## **7. Enforcement of This Owners Agreement.**

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no

adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

## **8. Miscellaneous.**

8.1 No Other Agreements. This Owners Agreement constitutes the entire, full and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners Agreement, other than those in this Owners Agreement. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owners Agreement), no amendment, change or variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owners Agreement, and any portions thereof, will be considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e. to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Owners Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Owners Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owners Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

8.6 Successors. References to "Franchisor" or "the undersigned," or "you" include the respective parties' heirs, successors, assigns or transferees.

8.7 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any

breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.8 No Personal Liability. You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

8.9 Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Franchise Agreement, this Owners Agreement shall control.

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the effective date of the Franchise Agreement.

**OWNERS:**

\_\_\_\_\_  
[Insert Name of Owner]

\_\_\_\_\_  
[Insert Name of Owner]

\_\_\_\_\_  
[Insert Name of Owner]

\_\_\_\_\_  
[Insert Name of Owner]



CK Franchising, LLC hereby accepts the agreements of the Owner(s) hereunder.

**CK FRANCHISING, LLC**

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

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

**Attachment A**

**STATEMENT OF OWNERSHIP**

**Franchisee:** \_\_\_\_\_

**Trade Name** (if different from above): \_\_\_\_\_

**Form of Ownership  
(Check One)**

**Partnership**    **Corporation**    **Limited Liability Company**

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

**Members, Stockholders, Partners:**

Name	Address	Percentage of Ownership

Name	Address	Percentage of Ownership

Use additional sheets if necessary. Any and all changes to the above information must be reported to CK Franchising in writing.

**FRANCHISEE:**

\_\_\_\_\_

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

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

**FRANCHISEE’S RATIFICATION**

In consideration of the execution of the foregoing Franchise Agreement with CK FRANCHISING, LLC (“FRANCHISOR”), the Franchisee hereby acknowledges that:

I have read and understood the foregoing Franchise Agreement and understand that if I do not understand any terms of the Franchise Agreement, or if I do not understand any terms of the Franchise Disclosure Document, I have the right to have my own attorney explain any terms of this Agreement to me.

*FRANCHISOR ENCOURAGES YOU TO SEEK THE ADVICE OF ANY ATTORNEY PRIOR TO SIGNING THE FRANCHISE AGREEMENT.*

I understand that although FRANCHISOR will provide assistance and advice, as outlined in the Franchise Agreement, FRANCHISOR cannot guarantee my success as a Cannoli Kitchen Franchisee, and my earnings as a Cannoli Kitchen Franchisee will be primarily dependent upon MY INDIVIDUAL EFFORTS in operating my Cannoli Kitchen Restaurant.

I acknowledge that neither FRANCHISOR nor any of its directors, officers, agents, or employees have made any claims or representations whatsoever regarding potential revenues, earnings, or profits, that a Franchisee will achieve as the owner of a Cannoli Kitchen Restaurant. I represent that I have entered into the Franchise Agreement without relying upon any claim or representation not contained in the Disclosure Document, and to do so would be unreasonable. I understand that FRANCHISOR is relying upon my representations in making its decision to grant the Franchise.

While FRANCHISOR has offered assistance, I UNDERSTAND THAT I AM ASSUMING FULL RESPONSIBILITY FOR, AND HAVE HAD THE FINAL ULTIMATE APPROVAL OF, THE SITE SELECTED AND THE LEASE EXECUTED FOR THAT SITE. I further understand that I have the right to have my own attorney review the Lease and explain to me any provisions of the Lease.

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

**EXHIBIT D**

**FORM OF GENERAL RELEASE**

## GENERAL RELEASE AGREEMENT

This General Release Agreement (this "Agreement") is executed by and between \_\_\_\_\_, whose business is located at \_\_\_\_\_ ("Franchisee") and CK Franchising, LLC, a Florida limited liability company ("Franchisor").

### *INTRODUCTION*

- A. The Franchisor and Franchisee entered into a Franchise Agreement (the "Franchise Agreement") dated \_\_\_\_\_, pursuant to which the Franchisor granted the Franchisee a franchise or license (the "Franchise") to operate a franchise business (the "Franchise Business").
- B. The parties desire to terminate the Franchise Agreement on the terms and conditions set forth in this Agreement.
- C. This Agreement has been supported by full and adequate consideration, receipt of which is hereby acknowledged by both Franchisee and Franchisor.

The parties agree as follows:

1. **Termination of Franchise Agreement and Related Agreements.** The parties agree that, subject to Section 3 hereof and the terms and conditions set forth in Schedule A attached hereto, the Franchise Agreement and all obligations of Franchisee and Franchisor under or arising from the Franchise Agreement are hereby terminated.

2. **Mutual General Releases.** Subject to Section 3 hereof, Franchisee, for itself and its officers, directors, stockholders, agents, affiliates, employees, representatives, successors and assigns, does hereby release and forever discharge the Franchisor and its officers, directors, stockholders, agents, affiliates, employees, representatives, successors and assigns from all causes of action, suits, debts, covenants, agreements, damages, judgments, claims and demands whatsoever, in law or equity, which Franchisee ever had, now has, or hereinafter can, shall or may have from the beginning of the world to the date of this Agreement, for, upon, or by reason of any matter, cause or thing whatsoever, including, without limitation, arising out of or in connection with, directly or indirectly, the Franchise Agreement, the Franchisor's offer, sale or negotiation of the Franchise, the relationship of the parties arising therefrom, or the Franchisor's conduct in obtaining and entering into agreements.

Subject to Section 3 hereof, Franchisor, for itself and its officers, directors, stockholders, agents, affiliates, employees, representatives, successors and assigns, does hereby release and forever discharge Franchisee and its officers, directors, stockholders, agents, affiliates, employees, representatives, successors and assigns from all causes of action, suits, debts, covenants, agreements, damages, judgments, claims and demands whatsoever, in law or equity, which Franchisor ever had, now has, or hereinafter can, shall or may have from the beginning of the world to the date of this Agreement, for, upon, or by reason of any matter, cause or thing whatsoever, including, without limitation, arising out of or in connection with, directly or indirectly, the Franchise Agreement.

3. **Post-Term Covenants; Special Stipulation.** The termination and release provided in this Agreement shall have no effect on those obligations of Franchisee (and its owners and guarantors, if any) arising out of the Franchise Agreement or any other agreement which concern the payment of any accrued but unpaid amounts owed to Franchisor (whether known or unknown), or which otherwise expressly or by their nature survive the termination of the Franchise Agreement, including, without limitation, obligations pertaining to Franchisee's indemnification obligations, non-disclosure of

Franchisor's confidential information and non-competition with Franchisor. In addition, all obligations of the parties, if any, in the Franchise Agreement pertaining to dispute resolution and jurisdiction and venue for dispute resolution, shall apply with equal force to the terms and conditions of this Agreement, as if set forth herein. Such obligations shall continue in full force and effect in accordance with their terms subsequent to termination of the Franchise Agreement, and until they are satisfied or by their nature expire. Franchisee acknowledges and agrees it has no right, title, or interest in and to the trademarks associated with Franchisor's franchise system, including, without limitation, "Cannoli Kitchen," and any colorable imitation thereof. The Franchisee represents it has returned (or turned over) all intellectual property associated with the Franchise Business and Franchisor's franchise system to Franchisor (or a Successor Franchisee, if applicable) which is acknowledged to belong exclusively to Franchisor including, but not limited to, all materials containing confidential information, operations manuals, customer lists, customer databases, customer records, customer files and any materials which display the trademarks associated with the Franchise system. Franchisee agrees to return and turn over to Franchisor all digital assets, including, but not limited to, all digitally-stored content (such as images, photos, videos and text files), whether stored locally at the business or accessible via the internet, the cloud, or another digital storage device (such as a USB drive or zip drive) or stored with a third-party digital-storage provider (such as OneDrive or Dropbox); and all user names and passwords for any and all email accounts, social networking websites (such as Facebook, Twitter, LinkedIn, Google+, YouTube, Pinterest, Instagram, Tumblr, Flickr, Reddit, Snapchat, and WhatsApp), blogs, review websites (such as Yelp or Angie's List), and any other online communities where the Franchise Business created or shared online content, or held itself out as speaking for or representing the Franchise Business. Franchisee acknowledges and agrees it has no right, title, or interest in and to the intellectual property associated with the Franchise Business or the Franchise system and no right to retain copies, disclose or make further use of such intellectual property, except with regard to customer records for tax purposes.

4. **Confidentiality.** It is acknowledged by Franchisee that the terms of this Agreement are in all respects confidential in nature, and that any disclosure or use of the same by Franchisee may cause serious harm or damage to Franchisor, and its owners and officers. Therefore, Franchisee agrees, either directly or indirectly by agent, employee, or representative, not to disclose the termination, this Agreement or the information contained herein, either in whole or in part, to any third party, except as may be required by law.

5. **Non-Disparagement.** The parties agree that at no time will they make any derogatory statements about or otherwise disparage, defame, impugn, or damage the reputation of integrity of the others, provided that nothing in this paragraph will preclude any party from providing truthful information in response to compulsory legal process. The parties further agree not to, and to use their best efforts to cause any of the parties' agents, employees or affiliates not to, disparage or otherwise speak or write negatively, directly or indirectly, of the parties' brands, systems, or any other service-marked or trademarked concept of the parties or the parties' affiliates, or which would subject such brands, systems or concepts to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact the goodwill of the parties or their brands, systems or service-marked or trademarked concepts.

6. **Binding Effect.** All terms and provisions of this Agreement, whether so expressed or not, shall be binding upon, inure to the benefit of, and be enforceable by the parties and their respective legal representatives, heirs, successors and permitted assigns.

7. **Interpretation.** Each of the parties acknowledge that they have been or have had the opportunity to have been represented by their own counsel throughout the negotiations and at the execution of this Agreement and all of the other documents executed incidental hereto, if any, and, therefore, the parties agree that none of the provisions of this Agreement or any of the other documents should be construed against any party more strictly than against the other.

8. **Entire Agreement.** This Agreement, including any Schedules attached hereto (which are considered a part of this Agreement), represent the entire understanding and agreement between the parties with respect to the subject matter hereof, and supersede all other negotiations, understandings, and representations if any made by and between the parties.

9. **Governing Law.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.), this Agreement and all transactions contemplated by this Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Florida without regard to principles of conflicts of laws.

10. **Washington Exception.** The General Release Agreement does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

11. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Confirmation of execution by electronic delivery shall be binding upon any party so confirming on the date of receipt.

12. **Effectiveness of Agreement.** This Agreement shall not be effective until it has been signed by Franchisee and Franchisor and delivered fully executed to Franchisee and Franchisor.

**THE UNDERSIGNED** have read, fully understand, and, by executing below, agree to the terms and conditions of this Agreement.

**CK Franchising, LLC**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Franchisee:**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**Corporate Name (If Applicable):**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_



## **SCHEDULE A TO GENERAL RELEASE AGREEMENT**

### **ADDITIONAL TERMS AND CONDITIONS FOR TRANSFER AND ASSUMPTION OF FRANCHISE**

Franchisee desires to transfer its rights to operate its Cannoli Kitchen business operated under the Franchise Agreement (the “Cannoli Kitchen Business”) to a successor franchisee, \_\_\_\_\_ (“Successor Franchisee”) desires to continue operating such Cannoli Kitchen Business pursuant to a Successor Franchise Agreement with Franchisor. The terms and conditions of this Schedule “A” supplement the terms and conditions of the foregoing General Release Agreement of which this Schedule forms a part. The parties agree that the foregoing recitals are true and correct, and for good and valuable consideration, the receipt of which is acknowledged by each of the parties, the parties agree as follows:

1. **Transfer.** Effective as of the date of this Agreement, Franchisee does hereby bargain, sell, assign, convey, and transfer all of Franchisee’s rights to the Successor Franchisee to operate the Cannoli Kitchen Business, pursuant to the Successor Franchise Agreement and any related written agreements between the Successor Franchisee and Franchisor. Subject to the terms of such Successor Franchise Agreement and related written agreements with Franchisor, the Successor Franchisee hereby accepts and assumes the rights and obligations of the Franchisee to operate the Cannoli Kitchen Business. Successor Franchisee is not assuming any liabilities of Franchisee to Franchisor. If, for any reason, the sale of Franchisee’s business to Successor Franchisee is not completed, the General Release Agreement will be deemed null and void, and Franchisee shall continue to operate the Cannoli Kitchen Business under the terms of the Franchise Agreement. Unless otherwise provided in a written agreement between Franchisee and Successor Franchisee, Franchisee, during the period from the date hereof to the final closing date of the sale of the Cannoli Kitchen Business to the Successor Franchisee, shall operate the Cannoli Kitchen Business for his/her own account.

2. **Successor Agreements and Payments.** The Successor Franchisee is hereby delivering to Franchisor its duly signed Successor Franchise Agreement and any related agreements that may be required as a result of this transaction under the Franchise Agreement. The Successor Franchise Agreement means the current standard form of Franchise Agreement required by Franchisor, subject to any modifications consented to in writing by Franchisor. The Successor Franchisee is also hereby delivering to Franchisor a transfer fee in the amount of greater of: 1) \$29,500.00; 2) 10% of the sale price of the franchise business (not to exceed CK Franchising’s then-current initial franchise fee); or 3) CK Franchising’s then-current transfer fee. No initial franchise fee shall be due under the Successor Franchise Agreement from the Successor Franchisee.

3. **Consents, Subordination and Acknowledgments.** Franchisor consents to the transfer to and assumption by Successor Franchisee in accordance with this Agreement. Such consent does not constitute approval of, nor agreement with, any of the provisions of any agreement (other than this Agreement) between Franchisee and Successor Franchisee. The Franchisee and Successor Franchisee specifically acknowledge that Franchisor is not a party to any such agreements. Franchisee agrees that its rights pursuant to any agreements with the Successor Franchisee, are subject to and subordinate in all respects to Franchisor’s rights under the Successor Franchise Agreement and all related agreements, if any, between Franchisor and Successor Franchisee, including all renewals, modifications, and extensions, if any, to such agreements. Successor Franchisee agrees that its rights concerning Franchisor exist pursuant only to the written agreements entered between Franchisor and Successor Franchisee, and in the event of any conflict with the terms of this Agreement, except regarding the waiver of the payment of an initial franchise fee, the terms of such other agreements shall control. Successor Franchisee acknowledges that it has received and reviewed the General Release Agreement of which this Schedule “A” forms a part. The Successor Franchisee further acknowledges that, except as expressly provided in this

Agreement, Franchisor has no liability with respect to, related to, or arising out of, any transaction between Franchisee and Successor Franchisee, and releases, indemnifies, and holds Franchisor harmless from same.

**CK Franchising, LLC**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Franchisee:**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**Corporate Name (If Applicable):**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Successor Franchisee:**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**Corporate Name (If Applicable):**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT E**

**DEPOSIT RECEIPT LETTER**



## DEPOSIT RECEIPT LETTER

By this Receipt, **CK FRANCHISING, LLC** acknowledges that it has received a fully refundable deposit of \$9,500 (USD) from:

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

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

\_\_\_\_\_

together with an application for a Cannoli Kitchen Franchise Agreement.

We have reviewed your application within our offices and would be pleased to move forward, including assisting you in selecting a location for your Cannoli Kitchen Restaurant.

The deposit you paid will, at the time of signing your Franchise Agreement, be credited to the remainder of the franchise fee. In the event that you decide not to accept the Franchise Agreement for any reason, your deposit will be refunded. However, in the event that you do not sign a Franchise Agreement and you do not ask for a refund within three (3) years from the date you execute this Deposit Letter Receipt, your deposit shall become non-refundable.

Thank you for your sincere interest in entering into a Cannoli Kitchen Franchise Agreement. We believe we have assembled the best products, support staff, and system in our industry. We look forward to providing this to you and welcoming you into our franchise system. Please note, when you present a check as payment, you authorize us to deposit your check, make a one-time electronic fund transfer (EFT), or a substitute check, in which case funds may be withdrawn from your account on the same day payment is made and you will not receive a cancelled check back from your financial institution.

Sincerely,

**CK Franchising, LLC**

**Candidate:**

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

Signature: \_\_\_\_\_

Print Name/Title: \_\_\_\_\_

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

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

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

**EXHIBIT F**

**COMPLIANCE CERTIFICATION**

# CANNOLI KITCHEN

## COMPLIANCE CERTIFICATION MULTI-UNIT DEVELOPMENT FRANCHISE

You are preparing to enter into a Multi-Unit Development Agreement and a Franchise Agreement for the establishment and operation of a Cannoli Kitchen franchise business. The purpose of this Compliance Certification is to determine whether any statements or promises were made to you that CK Franchising, LLC (the “Franchisor”) has not authorized and that may be untrue, inaccurate, or misleading.

**A. The following dates are true and correct:**

_____	_____	The date on which I first received a Franchise Disclosure Document about the Cannoli Kitchen franchise.
(Date)	(Initials)	
_____	_____	The date of my first face-to-face meeting with a franchise sales representative of the Franchisor to discuss the possible purchase of a franchise.
(Date)	(Initials)	
_____	_____	The date on which I signed the contracts and agreements as disclosed in my Franchise Disclosure Document
(Date)	(Initials)	
_____	_____	The earliest date on which I delivered cash, check, or other consideration to the Franchisor in connection with the purchase of a franchise.
(Date)	(Initials)	

**B. Please review each of the following questions carefully and provide honest and complete responses to each question:**

1. Have you personally reviewed the Multi-Unit Development Agreement, Franchise Agreement and the Franchise Disclosure Document? Yes\_\_\_\_\_ No\_\_\_\_\_
2. Do you understand all of the information contained in the Franchise Development Agreement, Franchise Agreement and the Franchise Disclosure Document? Yes\_\_\_\_\_ No\_\_\_\_\_

If “No”, what parts of the Multi-Unit Franchise Development Agreement, Franchise Agreement and/or the Franchise Disclosure Document do you not understand? (Attach additional pages, if necessary)

\_\_\_\_\_

\_\_\_\_\_

3. Have you discussed the benefits and risks of establishing and operating a Cannoli Kitchen franchise business with an attorney, accountant, or other professional advisor? Yes\_\_\_\_\_ No\_\_\_\_\_
4. Do you understand that the success or failure of your Cannoli Kitchen franchise business will depend in large part upon your skills and abilities, competition from other agencies, interest rates, inflation, and other economic and business factors? Yes\_\_\_\_\_ No\_\_\_\_\_

5. Has any employee speaking on behalf of the Franchisor made any statement or promise concerning the revenues, profits, or operating costs of any Cannoli Kitchen business operated by the Franchisor, its affiliates or its franchisees that is contrary to, or different from, the information contained in the Franchise Disclosure Document?  
Yes\_\_\_\_\_ No\_\_\_\_\_
6. Has any employee speaking on behalf of the Franchisor made any statement or promise regarding the total amount of revenue you might achieve or operating profit you might realize from a Cannoli Kitchen franchise business? Yes\_\_\_\_\_ No\_\_\_\_\_
7. Has any employee speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating a Cannoli Kitchen business that is contrary to or different from the information contained in the Franchise Disclosure Document?  
Yes\_\_\_\_\_ No\_\_\_\_\_
8. Has any employee speaking on behalf of the Franchisor made any statement, promise, or agreement concerning the advertising, marketing, training, support service, or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes\_\_\_\_\_ No\_\_\_\_\_
9. Do you understand that your initial franchise fee is non-refundable upon entering into a Franchise Agreement? Yes\_\_\_\_\_ No\_\_\_\_\_

**C. If you have answered “Yes” to any one of questions B. 5-8, or “No” to question B. 9 please provide a full explanation of each “Yes” answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below). If you have answered “No” to each of questions B. 5-8 and “Yes” to question B.9, please leave the following lines blank.**

---



---

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Compliance Certification, you are representing that you have responded truthfully to the above questions.

**Franchise Applicant:**

Signature: \_\_\_\_\_  
 Print Name: \_\_\_\_\_  
 Date: \_\_\_\_\_

**Approved By:**

Signature: \_\_\_\_\_  
 Print Name: \_\_\_\_\_  
 Date: \_\_\_\_\_

**Corporate Name (If Applicable):**

By: \_\_\_\_\_  
 Print Name/Title: \_\_\_\_\_  
 Date: \_\_\_\_\_

# CANNOLI KITCHEN

## COMPLIANCE CERTIFICATION SINGLE UNIT FRANCHISE

You are preparing to enter into a Franchise Agreement for the establishment and operation of a Cannoli Kitchen franchise business. The purpose of this Compliance Certification is to determine whether any statements or promises were made to you that CK Franchising, LLC (“the Franchisor”) has not authorized and that may be untrue, inaccurate, or misleading.

**A. The following dates are true and correct:**

_____	_____	The date on which I first received a Franchise Disclosure Document about the Cannoli Kitchen franchise.
(Date)	(Initials)	
_____	_____	The date of my first face-to-face meeting with a franchise sales representative of the Franchisor to discuss the possible purchase of a franchise.
(Date)	(Initials)	
_____	_____	The date on which I signed the contracts and agreements as disclosed in my Franchise Disclosure Document
(Date)	(Initials)	
_____	_____	The earliest date on which I delivered cash, check, or other consideration to the Franchisor in connection with the purchase of a franchise.
(Date)	(Initials)	

**B. Please review each of the following questions carefully and provide honest and complete responses to each question:**

1. Have you personally reviewed the Franchise Agreement and the Franchise Disclosure Document? Yes\_\_\_\_\_ No\_\_\_\_\_
2. Do you understand all of the information contained in the Franchise Agreement and the Franchise Disclosure Document? Yes\_\_\_\_\_ No\_\_\_\_\_

If “No”, what parts of the Franchise Agreement and/or the Franchise Disclosure Document do you not understand? (Attach additional pages, if necessary)

\_\_\_\_\_

\_\_\_\_\_

3. Have you discussed the benefits and risks of establishing and operating a Cannoli Kitchen franchise business with an attorney, accountant, or other professional advisor? Yes\_\_\_\_\_ No\_\_\_\_\_
4. Do you understand that the success or failure of your Cannoli Kitchen franchise business will depend in large part upon your skills and abilities, competition from other agencies, interest rates, inflation, and other economic and business factors? Yes\_\_\_\_\_ No\_\_\_\_\_



5. Has any employee speaking on behalf of the Franchisor made any statement or promise concerning the revenues, profits, or operating costs of any Cannoli Kitchen business operated by the Franchisor, its affiliates or its franchisees that is contrary to, or different from, the information contained in the Franchise Disclosure Document?  
Yes\_\_\_\_\_ No\_\_\_\_\_
6. Has any employee speaking on behalf of the Franchisor made any statement or promise regarding the total amount of revenue you might achieve or operating profit you might realize from a Cannoli Kitchen franchise business? Yes\_\_\_\_\_ No\_\_\_\_\_
7. Has any employee speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating a Cannoli Kitchen business that is contrary to or different from the information contained in the Franchise Disclosure Document? Yes\_\_\_\_\_ No\_\_\_\_\_
8. Has any employee speaking on behalf of the Franchisor made any statement, promise, or agreement concerning the advertising, marketing, training, support service, or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes\_\_\_\_\_ No\_\_\_\_\_
9. Do you understand that your initial franchise fee is non-refundable upon entering into a Franchise Agreement? Yes\_\_\_\_\_ No\_\_\_\_\_

**C. If you have answered “Yes” to any one of questions B. 5-8, or “No” to question B. 9 please provide a full explanation of each “Yes” answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below). If you have answered “No” to each of questions B. 5-8 and “Yes” to question B.9, please leave the following lines blank.**

---



---

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Compliance Certification, you are representing that you have responded truthfully to the above questions.

**Franchise Applicant:**

Signature: \_\_\_\_\_  
 Print Name: \_\_\_\_\_  
 Date: \_\_\_\_\_

**Approved By:**

Signature: \_\_\_\_\_  
 Print Name: \_\_\_\_\_  
 Date: \_\_\_\_\_

**Corporate Name (If Applicable):**

By: \_\_\_\_\_  
 Print Name/Title: \_\_\_\_\_  
 Date: \_\_\_\_\_

**EXHIBIT G**

**FINANCIAL STATEMENTS**

CK Franchising, LLC  
Audited Financial Statements  
June 30, 2023

CK FRANCHISING, LLC

TABLE OF CONTENTS

Independent Auditor's Report	1-2
Financial Statements:	
Balance Sheet	3
Statement of Income and Member's Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6-9



**MILBERY & KESSELMAN**  
CERTIFIED PUBLIC ACCOUNTANTS

To Management  
CK Franchising, LLC  
West Palm Beach, Florida

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of CK Franchising, LLC, which comprises the balance sheet as of June 30, 2023, and the related statement of income and member's equity, and cash flows for the period then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CK Franchising, LLC as of June 30, 2023, and the results of its operations and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CK Franchising, LLC 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CK Franchising, LLC's ability to continue as a going concern within one year after the date that the financials 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 from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CK Franchising, LLC'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 CK Franchising, LLC'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.

*Milbery & Kesselman, CPAs*

Milbery & Kesselman, CPAs, LLC  
Fort Lauderdale, Florida  
August 3, 2023

**CK Franchising, LLC**  
**Balance Sheet**  
**June 30, 2023**

**ASSETS**

<b>Current Assets</b>		
Cash and Cash Equivalents	\$	100,000
Property and Equipment, net		-
<b>Other Assets</b>		
Deposits		6,885
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>106,885</b>

**LIABILITIES AND MEMBER'S EQUITY**

<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$	7,195
Long Term Liabilities		-
<b>TOTAL LIABILITIES</b>		<b>7,195</b>
<b>MEMBER'S EQUITY</b>		<b>99,690</b>
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<b>\$</b>	<b>106,885</b>

See accompanying independent auditor's report and notes to financial statements

**CK Franchising, LLC**  
**Statement of Income and Member's Equity**  
**For the period ended June 30, 2023**

<b>Income</b>		
Franchise Fees	\$	-
<b>Cost of Goods Sold</b>		-
<b>Gross Profit</b>	<u>\$</u>	<u>-</u>
<b>Expenses</b>		
Office		310
<b>Net Loss</b>	<u>\$</u>	<u>(310)</u>
<b>Member's Equity, May 11, 2023</b>		-
<b>Member's Contributions</b>		100,000
<b>Member's Equity, June 30, 2023</b>	<u>\$</u>	<u>99,690</u>

See accompanying independent auditor's report and notes to financial statements



**CK Franchising, LLC**  
**Statement of Cash Flows**  
**For the period ended June 30, 2023**

<b>Cash Flows from Operating Activities</b>		
Net Loss	\$	(310)
<b>Adjustments to Reconcile Net Loss to Net Cash provided by Operations:</b>		
(Increase)/ Decrease in Deposits		(6,885)
Increase/ (Decrease) in Accounts Payable		7,195
Cash provided by Operating Activities		<u>-</u>
<b>Cash Flows from Investing Activities</b>		
Cash provided by Investing Activities		<u>-</u>
<b>Cash Flows from Financing Activities</b>		
Member's Contributions		100,000
Cash provided by Financing Activities		<u>100,000</u>
<b>Increase in Cash</b>		<u>100,000</u>
<b>Beginning Balance, May 11, 2023</b>		<u>-</u>
<b>Ending Balance, June 30, 2023</b>	<b>\$</b>	<b><u>100,000</u></b>

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:**

Cash paid during the year:

Interest	\$	<u><u>-</u></u>

See accompanying independent auditor's report and notes to financial statements

**CK Franchising, LLC**  
**(A Limited Liability Company)**

**Notes to Financial Statements**

---

**Note 1 Summary of Significant Accounting Policies**

Nature of business - CK Franchising, LLC (the “Company”), a Florida limited liability company was formed on May 11, 2023 and is headquartered in West Palm Beach, Florida. The Company sells franchises that allow the purchaser to operate a Cannoli Kitchen Pizza store specializing in pizza and Italian desserts.

The Company has elected a year end of December 31.

A summary of the Company’s significant accounting policies follows:

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

Revenue recognition - Initial franchise fees are recognized as revenue when services required under the franchise agreement have been performed by the Company. Franchise royalty revenues are based on franchisees’ sales and are recognized as earned. Product and equipment revenue is recorded when legal title is transferred to the customer, generally when the product is shipped.

Cash concentration - The Company maintains its cash in one bank account which, at times, may exceed the federally-insured limits. The Company has not experienced any loss in such accounts. The Company believes it is not exposed to any significant credit risk on such accounts.

Accounts receivable - Trade receivables are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus trade receivables do not bear interest, although a finance charge may be applied to such receivables that are more than 30 days past due.

Credit risk - The Company performs on-going credit evaluations of each franchisee’s financial condition. Accounts receivables are principally with franchises that are secured under the franchise agreements. The franchise agreements provide the Company with certain collateral, including inventory and fixed assets. Consequently, risk of loss is considered minimal.

Long-lived assets - Long-lived assets held for use are subject to an impairment assessment if the carrying value is no longer recoverable based upon the undiscounted future cash flows of the asset. The amount of the impairment is the difference between the carrying amount and the fair value of the asset. The Company’s estimate of undiscounted cash flows indicated that such carrying amounts were expected to be recovered.

**CK Franchising, LLC**  
**(A Limited Liability Company)**

**Notes to Financial Statements**

---

**Note 1 Summary of Significant Accounting Policies (Continued)**

Income taxes - The Company has elected to be taxed under sections of the federal and state income tax laws that provide that, in lieu of corporate income taxes, the members separately account for their pro rata shares of the Company's items of income, deduction, losses and credits. Therefore, no provision for income taxes is reflected in the Company's financial statements.

Leases - The Company recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. The Company does not have any leases as of June 30, 2023. The Company determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Company recognizes a lease liability and a right of use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise the Company uses its incremental borrowing rate. The implicit rates of our leases are not readily determinable and accordingly, we use our incremental borrowing rate based on the information available at the commencement date for all leases. The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The ROU asset is subsequently measured throughout the lease term at the amount of the re-measured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

The Company has elected, for all underlying class of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of twelve months or less at lease commencement, and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. We recognize lease cost associated with our short-term leases on a straight-line basis over the lease term.

Recent accounting pronouncements - In June 2016, the FASB issued ASU 2016-13 Financial Instruments, Measurement of Credit Losses on Financial Instruments (Topic 326). The main objective of this update is to replace the incurred loss impairment methodology under current GAAP, with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Trade receivables that management has the intent and ability to hold for the foreseeable future until payoff shall be reported in the balance sheet at outstanding principal adjusted for any charge-offs and the allowance for credit losses (no longer referred to as the allowance for doubtful accounts). In November 2018, the FASB issued ASU 2018-19 to clarify and improve areas of guidance related to Topic 326. In April 2019, the FASB issued ASU 2019-04 to clarify and improve areas of guidance related to Topic 326. In May 2019, the FASB issued ASU 2019-05 to provide transition relief related to Topic 326. In November 2019, the FASB issued ASU 2019-10 which updated the effective date related to Topic 326 and ASU 2019-11 to clarify and address stakeholders' specific issues related to Topic 326. ASU 2016-13 and the related amendments are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted.

**CK Franchising, LLC**  
**(A Limited Liability Company)**

**Notes to Financial Statements**

---

**Note 1 Summary of Significant Accounting Policies (Continued)**

Recent accounting pronouncements (continued) - Management is currently evaluating the impact that the adoption of ASU 2016-13 will have on the Company's financial statements. In March 2020, the FASB issued ASU 2020-03, Codification Improvements to Financial Instruments. This ASU improves and clarifies various financial instrument topics, including the current expected credit losses standard issued in 2016. The ASU includes seven different issues that describe the areas of improvement and the related amendments to GAAP, intended to make the standards easier to understand and apply by eliminating inconsistencies and providing clarifications. The amendments have different effective dates ranging from fiscal years beginning after December 15, 2019 to 2023.

The adoption of the provisions of ASU 2020-03 with effective dates in 2021 did not have a material impact on the Company's financial statements. Management is currently evaluating the impact that the adoption of ASU 2020-03 that have effective dates in 2021 through 2023 will have on the Company's financial statements.

Related parties – For the purposes of these financial statements, parties are considered to be related to the Company where the Company and the party are subject to common control and/or common joint control. Related parties may be individuals or other entities.

Going concern – The Company evaluates whether there are conditions or events, considered in the aggregate, that raise substantial doubt about its ability to continue as a going concern for a period of one year after the date that the financial statements are available to be issued, taking into consideration the quantitative and qualitative information regarding the Company's current financial condition, conditional and unconditional obligations due and the funds and cash flow necessary to maintain operations within that time period. Based on management's evaluation, the Company will be able to continue in operation on a going concern basis for at least the next twelve months from the date these financial statements were available to be issued.

Date of management's review - Management evaluated events or transactions subsequent to the balance sheet date for potential recognition or disclosure in the financial statements through August 3, 2023, which is the date the financial statements were available for issuance.

**Note 2 Cash and Cash Equivalents**

The Company maintains cash balances at one financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation for up to \$250,000. At June 30, 2023, the Company didn't have any uninsured cash balances.

**CK Franchising, LLC**  
**(A Limited Liability Company)**

**Notes to Financial Statements**

---

**Note 3 Revenue Recognition in Accordance with FASB ASC 606**

Contract balances

Contract balances from contracts with customers were as follows as of June 30:

	<u>2023</u>
Contract assets	\$ -
Contract liabilities	-

Disaggregation of revenue

The Company derives its revenues primarily from the sale of franchises. Revenue from performance obligations satisfied at a point in time consists of franchise fees, royalties, and other income. Revenue from performance obligations satisfied over time consists of the sale of master licenses and renewal franchise fees.

Performance obligations

For performance obligations related to the franchise fees, control transfers to the customer at a point in time. Revenues are recognized when the franchisee training is completed and the equipment is delivered.

For performance obligations related to royalties and other income, control transfers to the customer at a point in time. Royalty revenues are recognized monthly based on the monthly sales from the franchisees.

For performance obligations related to master licenses and renewal franchise fees, control transfers to the customer over time. Revenues are recognized over the term of the contract.

Significant judgments

The Company sells franchises for an agreed upon contract amount. For fixed fee contracts, the Company is entitled to payment upon signing of the franchise agreement and recognizes the revenues when the performance obligations have been met.

**Note 4 Risks and Uncertainties**

The coronavirus (COVID-19) outbreak has caused disruption in international and U.S. economies and markets. The coronavirus and fear of further spread has caused quarantines, cancellation of events, and overall reduction in business and economic activity. On March 11, 2020 the *World Health Organization* designated the coronavirus outbreak a pandemic. Management continues to evaluate and monitor the potential adverse effect that this event may have on the Company's financial position, operations, and cash flows. The full impact of COVID-19 is unknown at this time and cannot be reasonably estimated as these events are still developing.

# **EXHIBIT H**

## **OPERATIONS MANUAL TABLE OF CONTENTS**

# TABLE OF CONTENTS

**TABLE OF CONTENTS**.....

**Chapter 1: INTRODUCTION**.....

**INT-1 Introduction to this Manual**.....

INT 1.1 How to Use This Manual .....

INT 1.2 Company Overview .....

**INT-2 Welcome to Cannoli Kitchen Pizza** .....

INT 2.1 Cannoli Kitchen Pizza Mission and Values .....

**INT-3 Franchise Support** .....

INT 3.1 About the Franchisor .....

INT 3.2 Franchise Support .....

INT 3.3 Cannoli Kitchen Pizza Team.....

**INT-4 Services Provided to Franchisees** .....

INT 4.1 Initial Training Program .....

INT 4.2 Ongoing Training and Support.....

INT 4.3 Buying Power .....

INT 4.4 Advertising Materials and Sales Aids.....

INT 4.5 Ongoing Research and Development .....

INT 4.6 Franchisee Council .....

**INT-5 Franchisee Responsibilities**.....

INT 5.1 Responsibilities to Your Customers .....

INT 5.2 Responsibilities to Your Employees ..... **Error! Bookmark not defined.**

INT 5.3 Responsibilities to Your Fellow Franchisees .....

INT 5.4 Responsibilities to the Franchisor.....

**INT-6 Additional Fees**.....

INT 6.1 Additional Training, Level One.....

INT 6.2 Replacement Training, Level Two.....

INT 6.3 Onsite Assistance.....

INT 6.4 Transfer Fee .....

INT 6.5 Renewal Fee ..... **Error! Bookmark not defined.**

INT 6.6 Software License Fee .....

INT 6.7 Financial Review .....

INT 6.8 Late Payment.....

INT 6.9 Refurbishing.....

INT 6.10 Testing.....

INT 6.11 Indemnification .....

INT 6.12 Attorneys' Fees .....

**Chapter 2: PERSONNEL .....**

**PER-1 Job Descriptions .....**

PER 1.1 Overall Qualifications.....

PER 1.2 Management .....

PER 1.3 Team Members.....

**PER-2 Hiring.....**

PER 2.1 Recruiting.....

PER 2.2 Interviewing.....

PER 2.3 Reference Checking.....

PER 2.4 Equal Opportunity .....

PER 2.5 Record Keeping.....

**PER-3 Wage and Salary .....**

PER 3.1 Wage Guidelines .....

PER 3.2 Overtime.....

PER 3.3 Payment of Wages.....

PER 3.4 Age Restrictions .....

**PER-4 In-Store Training.....**

PER 4.1 General Guidelines .....

PER 4.2 Certifications.....

**PER-5 Terminations .....**

PER 5.1 Voluntary Terminations.....

PER 5.2 Involuntary Terminations.....

PER 5.3 Unemployment Compensation.....

**PER-6 Employee Rules .....**

PER 6.1 Appearance and Hygiene.....

PER 6.2 Dress Code .....

PER 6.3 Conduct.....

PER 6.4 Tardiness and Absences .....

PER 6.5 General Cleanliness.....

**PER-7 Discipline.....**

**PER-8 Developing Personnel Policies .....**

**Chapter 3: ADMINISTRATION.....Error! Bookmark not defined.**

**ADM-I Payroll .....**



ADM 1.1 Time Records.....	
ADM 1.2 Payroll Service.....	
ADM 1.3 Payroll Record Keeping .....	
<b>ADM-2 Taxes .....</b>	
ADM 2.1 Tax Record and Reporting.....	
ADM 2.2 Tax Reserve Accounts .....	
<b>ADM-3 Accounts and Budgeting.....</b>	
ADM 3.1 Accounts Payable.....	
ADM 3.2 Accounts Receivable.....	
ADM 3.3 Cost Control.....	
<b>ADM-4 Franchise Reporting.....</b>	
ADM 4.1 Reporting.....	
ADM 4.2 Assets and Liabilities .....	
ADM 4.3 Income Statement .....	
ADM 4.4 Royalties and Advertising Fees.....	
<b>Chapter 4: MARKETING .....</b>	
<b>MKT-1 Proprietary Marks.....</b>	
MKT 1.1 Use of Proprietary Marks.....	
MKT 1.2 Approved Logos .....	
<b>MKT-2 Marketing Plan .....</b>	
MKT 2.1 Marketing Plan.....	
MKT 2.2 Quarterly Market Report.....	
MKT 2.3 Brand Marketing Fund Policy.....	
<b>MKT-3 Advertising Media.....</b>	
MKT 3.1 Online, Mobile & Social .....	
MKT 3.2 E-mail Blast Campaigns .....	
MKT 3.3 Promotional & Community Marketing (Local Grassroots Efforts).....	
MKT 3.4 Advertising Campaigns - Print.....	
MKT 3.5 Advertising Campaigns - Outdoor Media & Radio .....	
MKT 3.6 Local Media & Press Opportunities.....	
MKT 3.7 Direct Mail & Every Door Direct Mail Campaigns .....	
<b>MKT-4 Community Involvement.....</b>	
MKT 4.1 Community Involvement.....	
<b>Chapter 5: INSURANCE AND RISK MANAGEMENT .....</b>	
<b>IRM-I General Insurance Coverage.....</b>	
IRM 1.1 Required Insurance Coverage.....	

IRM 1.2 Additional Requirements and Obligations .....

**IRM-2 Risk Management** .....

IRM 2.1 Managing Risk at the Restaurant Franchise Location .....

IRM 2.2 Restaurant Franchisee Site Security .....

IRM 2.3 Basic Restaurant Franchise Location Security.....

**IRM-3 Reporting Incidents** .....

**EXHIBIT I**

**CURRENT AND FORMER FRANCHISEES**

**CK Franchising, LLC**  
**List of Franchisees as of December 31, 2022**

Current Franchisees: *None.*

Former Franchisees: *None.*

# **EXHIBIT J**

## **STATE ADDENDA TO DISCLOSURE DOCUMENT**

## CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of California only, this Disclosure Document is amended as follows:

CALIFORNIA CORPORATIONS CODE, SECTION 31125 REQUIRES THE FRANCHISOR TO GIVE THE FRANCHISEE A DISCLOSURE DOCUMENT, APPROVED BY THE DEPARTMENT OF DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION, PRIOR TO A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [WWW.DFPL.CA.GOV](http://WWW.DFPL.CA.GOV).

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF BUSINESS OVERSIGHT NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

Neither franchisor nor any person or franchise broker in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

2. The following paragraph is added to the end of Item 6 of the Disclosure Document:

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

3. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement requires application of the laws of Florida. This provision may not be enforceable under California law.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as the Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281 and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

**Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.**

[REST OF PAGE INTENTIONALLY LEFT BLANK]

## **CONNECTICUT ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of California only, this Disclosure Document is amended as follows:

If the seller fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

[REST OF PAGE INTENTIONALLY LEFT BLANK]



## HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities  
335 Merchant Street  
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: \_\_\_\_\_
2. A proposed registration or filing is or will be shortly on file in the following states: \_\_\_\_\_
3. No states have refused, by order or otherwise to register these franchises.
4. No states have revoked or suspended the right to offer these franchises.
5. The proposed registration of these franchises has not been withdrawn in any state.

## ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

The following is added to Special Risks to Consider About *This* Franchise:

1. 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.
2. This franchisor is in the early stages of development and has limited experience with franchising. Therefore, this franchise opportunity presents more risk than that of a company with a longer operating history.

The term of this franchise agreement is 35 years.

In the State of Illinois only, this Disclosure Document is amended as follows:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction of venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that 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.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

[REST OF PAGE INTENTIONALLY LEFT BLANK]

## **MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Maryland only, this Disclosure Document is amended as follows:

The following is added to Item 17:

Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

You are not required to assent to a period of limitations for causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland, other than the period of limitations set forth in that statute. You must bring an action under such law within three years after the grant of the franchise.

You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

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

[REST OF PAGE INTENTIONALLY LEFT BLANK]

## MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

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

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 in a system with a longer operating history.

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."

**THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF**

**COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

[REST OF PAGE INTENTIONALLY LEFT BLANK]

## NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

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

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.

In the State of New York only, this Disclosure Document is amended as follows:

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

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

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

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

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

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

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or

securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

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

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

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

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

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

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of law**": The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

9. The following is added to the end of Item 19:

**REPRESENTATIONS REGARDING EARNINGS CAPABILITY**

CK FRANCHISING, LLC DOES NOT FURNISH OR AUTHORIZE ITS SALESPERSONS TO FURNISH ANY ORAL OR WRITTEN INFORMATION CONCERNING THE ACTUAL OR POTENTIAL SALES, COSTS, INCOME OR PROFITS OF A FRANCHISE. ACTUAL RESULTS VARY FROM UNIT TO UNIT AND CK FRANCHISING, LLC CANNOT ESTIMATE THE EARNINGS OF ANY PARTICULAR FRANCHISE.

[REST OF PAGE INTENTIONALLY LEFT BLANK]



## NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.
2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
7. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

**RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Rhode Island only, this Disclosure Document is amended as follows:

Item 17, summary columns for (v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

## **VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT**

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

The following statements are added to Item 17(h):

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

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

[REST OF PAGE INTENTIONALLY LEFT BLANK]

## WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration or mediation site will be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

**Use of Franchise Brokers.** The franchisor [uses/may use] the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by

contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

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

[REST OF PAGE INTENTIONALLY LEFT BLANK]

# **EXHIBIT K**

## **STATE ADDENDA TO FRANCHISE AGREEMENT**

**CALIFORNIA RIDER TO FRANCHISE AGREEMENT**

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between CK Franchising, LLC, a Florida limited liability company (“CK Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee’s investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

Agreed to by:

**CK Franchising, LLC**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Franchisee:**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**Corporate Name (If Applicable):**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**ILLINOIS RIDER TO FRANCHISE AGREEMENT**

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between CK Franchising, LLC, a Florida limited liability company (“CK Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Illinois Act” means the Illinois Franchise Disclosure Act of 1987.

**2. Governing Law and Jurisdiction.** Illinois law governs the Franchise Agreement.

**3. Limitation of Claims.** No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.

**4. Waivers Void.** Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

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

**6. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

**CK Franchising, LLC**

**Franchisee:**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_



## INDIANA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between CK Franchising, LLC, a Florida limited liability company (“CK Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Indiana Acts” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

**2. Certain Provisions Deleted.** To the extent required for the Agreement to be in compliance with the Indiana Acts, any provision of the Agreement which would have any of the following effects is hereby deleted:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or services or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official

price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

**CK Franchising, LLC**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Franchisee:**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**Corporate Name (If Applicable):**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**MARYLAND RIDER TO FRANCHISE AGREEMENT**

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between CK Franchising, LLC, a Florida limited liability company (“CK Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Maryland Franchise Law” means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.

**2. No Waiver of State Law In Sale.** Notwithstanding any provision of the Agreement to the contrary, as a condition of the sale of a franchise, CK Franchising shall not require a prospective franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve CK Franchising or any other person from liability under the Maryland Franchise Law.

**3. No Release of Liability.** Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.

**4. Statute of Limitations.** Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.

**5. Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

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

**7. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

**CK Franchising, LLC**

**Franchisee:**

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

Signature: \_\_\_\_\_

Print Name/Title: \_\_\_\_\_

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

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

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

## MINNESOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between CK Franchising, LLC, a Florida limited liability company (“CK Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Minnesota Act” means Minnesota Statutes, Sections 80C.01 to 80C.22.

2. **Amendments.** The Agreement is amended to comply with the following:

- (1) Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- (2) With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non- renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- (3) The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- (4) Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- (5) The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- (6) The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state “No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues.”

3. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

**CK Franchising, LLC**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Franchisee:**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**Corporate Name (If Applicable):**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**NEW YORK RIDER TO FRANCHISE AGREEMENT**

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between CK Franchising, LLC, a Florida limited liability company (“CK Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve CK Franchising or any other person from any duty or liability imposed by New York General Business Law, Article 33.

**3 Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by CK Franchising with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.

**4. Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.

**5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

**CK Franchising, LLC**

**Franchisee:**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**Corporate Name (If Applicable):**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between CK Franchising, LLC, a Florida limited liability company (“CK Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Amendments.** The Agreement (and any Guaranty Agreement) is amended to comply with the following:

- (1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind is subject to NDCC Section 9-08-06.
- (2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee’s business.
- (3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.
- (4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.
- (5) Applicable Laws: The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.
- (6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.
- (7) Waiver of Exemplary & Punitive Damages: Franchisee does not waive exemplary and punitive damages.
- (8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.
- (9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- (10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

**CK Franchising, LLC**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Franchisee:**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**Corporate Name (If Applicable):**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_



**RHODE ISLAND RIDER TO FRANCHISE AGREEMENT**

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between CK Franchising, LLC, a Florida limited liability company (“CK Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Jurisdiction and Venue.** Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

**CK Franchising, LLC**

**Franchisee:**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**Corporate Name (If Applicable):**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**VIRGINIA RIDER TO FRANCHISE AGREEMENT**

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between CK Franchising, LLC, a Florida limited liability company (“CK Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

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

Agreed to by:

**CK Franchising, LLC**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Franchisee:**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**Corporate Name (If Applicable):**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**WASHINGTON RIDER TO FRANCHISE AGREEMENT AND RELATED AGREEMENTS**

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between CK Franchising, LLC, a Florida limited liability company (“CK Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration or mediation site will be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 19.100.180(2)(j), Subsection 14.1(c)(xiii) of the Franchise Agreement void and unenforceable in Washington.

Pursuant to RCW 49.62-020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting

or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

**Use of Franchise Brokers.** The franchisor [uses/may use] the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor’s current and former franchisees to ask them about their experience with the franchisor.

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

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**CK Franchising, LLC**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Franchisee:**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**Corporate Name (If Applicable):**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

# **EXHIBIT L**

## **STATE ADDENDA TO MULTI-UNIT DEVELOPMENT AGREEMENT**

**CALIFORNIA RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT**

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the "Agreement"), between CK Franchising, LLC, a Florida limited liability company ("CK Franchising") and \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee").

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

Agreed to by:

**CK Franchising, LLC**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Franchisee:**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**Corporate Name (If Applicable):**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**ILLINOIS RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT**

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between CK Franchising, LLC, a Florida limited liability company (“CK Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Illinois Act” means the Illinois Franchise Disclosure Act of 1987.

**2. Governing Law and Jurisdiction.** Illinois law governs the Franchise Agreement.

**3. Limitation of Claims.** No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.

**4. Waivers Void.** Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

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

**6. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

**CK Franchising, LLC**

**Franchisee:**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

## INDIANA RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between CK Franchising, LLC, a Florida limited liability company (“CK Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Indiana Acts” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

**2. Certain Provisions Deleted.** To the extent required for the Agreement to be in compliance with the Indiana Acts, any provision of the Agreement which would have any of the following effects is hereby deleted:

- (1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or services or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.
- (2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.
- (3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.
- (4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.
- (5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any



person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

- (6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).
- (7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.
- (8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.
- (9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.
- (10) Limiting litigation brought for breach of the agreement in any manner whatsoever.
- (11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

3. **Effective Date.** This Rider is effective as of the Effective Date.

*Signatures on following page.*

Agreed to by:

**CK Franchising, LLC**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Franchisee:**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**Corporate Name (If Applicable):**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## MARYLAND RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between CK Franchising, LLC, a Florida limited liability company (“CK Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Maryland Franchise Law” means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.

2. **No Waiver of State Law In Sale.** Notwithstanding any provision of the Agreement to the contrary, as a condition of the sale of a franchise, CK Franchising shall not require a prospective franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve CK Franchising or any other person from liability under the Maryland Franchise Law.

3. **No Release of Liability.** Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.

4. **Statute of Limitations.** Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.

5. **Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

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

7. **Effective Date.** This Rider is effective as of the Effective Date.

*Signatures on following page.*

Agreed to by:

**CK Franchising, LLC**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Franchisee:**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**Corporate Name (If Applicable):**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## MINNESOTA RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between CK Franchising, LLC, a Florida limited liability company (“CK Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Minnesota Act” means Minnesota Statutes, Sections 80C.01 to 80C.22.

**2. Amendments.** The Agreement is amended to comply with the following:

- (1) Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- (2) With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non- renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- (3) The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- (4) Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- (5) The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- (6) The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is

amended to state “No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues.”

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

**CK Franchising, LLC**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Franchisee:**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**Corporate Name (If Applicable):**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**NEW YORK RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT**

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between CK Franchising, LLC, a Florida limited liability company (“CK Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve CK Franchising or any other person from any duty or liability imposed by New York General Business Law, Article 33.

**3. Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by CK Franchising with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.

**4. Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.

**5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

**CK Franchising, LLC**

**Franchisee:**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**Corporate Name (If Applicable):**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## NORTH DAKOTA RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between CK Franchising, LLC, a Florida limited liability company (“CK Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Amendments.** The Agreement (and any Guaranty Agreement) is amended to comply with the following:

- (1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind is subject to NDCC Section 9-08-06.
- (2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee’s business.
- (3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.
- (4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.
- (5) Applicable Laws: The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.
- (6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.
- (7) Waiver of Exemplary & Punitive Damages: Franchisee does not waive of exemplary and punitive damages.
- (8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.
- (9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- (10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

**3. Effective Date.** This Rider is effective as of the Effective Date.



Agreed to by:

**CK Franchising, LLC**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Franchisee:**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**Corporate Name (If Applicable):**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RHODE ISLAND RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT**

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the "Agreement"), between CK Franchising, LLC, a Florida limited liability company ("CK Franchising") and \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Jurisdiction and Venue.** Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

**CK Franchising, LLC**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Franchisee:**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**Corporate Name (If Applicable):**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**VIRGINIA RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT**

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the "Agreement"), between CK Franchising, LLC, a Florida limited liability company ("CK Franchising") and \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee").

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

Agreed to by:

**CK Franchising, LLC**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Franchisee:**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**Corporate Name (If Applicable):**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**WASHINGTON RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT**

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between CK Franchising, LLC, a Florida limited liability company (“CK Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration or mediation site will be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62-020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

**Use of Franchise Brokers.** The franchisor uses the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor’s current and former franchisees to ask them about their experience with the franchisor.

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

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**CK Franchising, LLC**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Franchisee:**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**Corporate Name (If Applicable):**

By: \_\_\_\_\_  
Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT M**

**CONFIDENTIALITY AND NONDISCLOSURE  
AGREEMENT**

**CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT**

**THIS CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT** (this “Agreement”) made as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, (“Effective Date”) is by and between \_\_\_\_\_, d/b/a Cannoli Kitchen (“FRANCHISEE”), CK Franchising, LLC, a Florida limited liability company, (“COMPANY”) and \_\_\_\_\_, a resident of the state of \_\_\_\_\_, (“INDIVIDUAL”) (collectively, the “Parties”).

**WITNESSETH:**

WHEREAS, FRANCHISEE is a party to that certain franchise agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”) by and between FRANCHISEE and COMPANY; and

WHEREAS, FRANCHISEE desires INDIVIDUAL to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, FRANCHISEE is required by the Franchise Agreement to have INDIVIDUAL execute this Agreement prior to providing INDIVIDUAL access to said Trade Secrets and other Confidential Information; and

WHEREAS, INDIVIDUAL understands the necessity of not disclosing any such information to any other party in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of FRANCHISEE, or COMPANY, any affiliate of COMPANY or COMPANY’s other franchisees.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the Parties hereby mutually agree as follows:

**1. Trade Secrets and Confidential Information**

INDIVIDUAL acknowledges and understands FRANCHISEE possesses and will possess Trade Secrets and other Confidential Information that are important to its business.

a) For the purposes of this Agreement, a “Trade Secret” is information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords and lists of actual or potential customers or suppliers) related to or used in the development and/or operation of Cannoli Kitchen Restaurants that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b) For the purposes of this Agreement “Confidential Information” means technical and non-technical information used in or related to the development and/or operation of Cannoli Kitchen Restaurants that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the operating manual and training guides and materials. In addition, any other information identified as confidential when delivered by FRANCHISEE shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of INDIVIDUAL; (ii) INDIVIDUAL can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure by FRANCHISEE pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

c) Any information expressly designated by COMPANY or FRANCHISEE as “Trade Secrets” or “Confidential Information” shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve INDIVIDUAL of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. INDIVIDUAL understands FRANCHISEE’s providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between INDIVIDUAL and FRANCHISEE with respect to the Trade Secrets and other Confidential Information.

## **2. Confidentiality/Non-Disclosure**

a) INDIVIDUAL shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of FRANCHISEE, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, INDIVIDUAL must take all steps reasonably necessary and/or requested by FRANCHISEE to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. INDIVIDUAL must comply with all applicable policies, procedures and practices that FRANCHISEE has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) INDIVIDUAL’s obligations under paragraph 2(a) of this Agreement shall continue in effect after termination or expiration of INDIVIDUAL’s relationship with FRANCHISEE, regardless of the reason or reasons for termination or expiration, and whether such termination or expiration is voluntary or involuntary, and FRANCHISEE and/or COMPANY are entitled to communicate INDIVIDUAL’s obligations under this Agreement to any future customer or employer to the extent deemed necessary by FRANCHISEE and/or COMPANY for protection of their rights hereunder and regardless of whether INDIVIDUAL or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in a Cannoli Kitchen Restaurant.

## **3. Reasonableness of Restrictions**



INDIVIDUAL acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of FRANCHISEE, COMPANY, and COMPANY's Trade Secrets and other Confidential Information, the COMPANY's business system, network of franchises and trade and service marks, and INDIVIDUAL waives any right to challenge these restrictions as being overly broad, unreasonable, or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then INDIVIDUAL shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the Parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

#### **4. Relief for Breaches of Confidentiality**

a) INDIVIDUAL further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause FRANCHISEE and COMPANY immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, FRANCHISEE and COMPANY shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by INDIVIDUAL of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that FRANCHISEE and COMPANY may have at law or in equity.

b) In addition, in the event of a violation of the covenants contained in the Agreement, the Parties agree that damages for such violations would be difficult to quantify. Due to the difficulty in the quantification of resulting damages, the Parties agree that Company would be entitled to liquidated damages in the amount of \$85,500 per event of violation.

#### **5. Miscellaneous**

a) This Agreement constitutes the entire Agreement between the Parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between INDIVIDUAL, COMPANY and FRANCHISEE with respect to the subject matter hereof. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the Parties.

b) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Florida (without reference to its conflict of laws principles). References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

c) **ANY ACTION BROUGHT BY ANY OF THE PARTIES, SHALL ONLY BE BROUGHT IN THE APPROPRIATE STATE OR FEDERAL COURT LOCATED IN OR SERVING PALM BEACH COUNTY, FLORIDA. THE PARTIES WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSES OF CARRYING OUT THIS PROVISION. CLAIMS FOR INJUNCTIVE RELIEF MAY ALSO BE BROUGHT BY COMPANY OR FRANCHISEE WHERE FRANCHISEE IS LOCATED. THIS EXCLUSIVE CHOICE OF JURISDICTION AND VENUE PROVISION SHALL NOT RESTRICT THE ABILITY OF THE PARTIES TO CONFIRM OR ENFORCE JUDGMENTS OR AWARDS IN ANY APPROPRIATE JURISDICTION.**

d) INDIVIDUAL agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorneys' fees, investigative fees, administrative fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

e) This Agreement shall be effective as of the Effective Date and shall be binding upon the successors and assigns of INDIVIDUAL and shall inure to the benefit of FRANCHISEE and COMPANY and their subsidiaries, successors, and assigns.

f) The failure of any Party to insist upon performance in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of the other Parties with respect thereto shall continue in full force and effect.

g) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

h) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

i) This Agreement may be modified or amended only by a written instrument duly executed by INDIVIDUAL, FRANCHISEE and COMPANY.

j) The existence of any claim or cause of action INDIVIDUAL might have against FRANCHISEE or COMPANY will not constitute a defense to the enforcement by FRANCHISEE or COMPANY of this Agreement.

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon FRANCHISEE or COMPANY pursuant to this Agreement is intended to be

exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power, or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

**INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.**

**THE PARTIES ACKNOWLEDGE THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.**

**IN WITNESS WHEREOF**, FRANCHISEE and COMPANY have hereunto caused this Agreement to be executed by its duly authorized officer, and INDIVIDUAL has executed this Agreement, all being done in triplicate originals with one (1) original being delivered to each Party.

WITNESS:  
\_\_\_\_\_

FRANCHISEE:  
Signature: \_\_\_\_\_  
Name Printed: \_\_\_\_\_  
Date: \_\_\_\_\_

WITNESS:  
\_\_\_\_\_

INDIVIDUAL:  
Signature: \_\_\_\_\_  
Name Printed: \_\_\_\_\_  
Date: \_\_\_\_\_

WITNESS:  
\_\_\_\_\_

COMPANY:  
By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT N**

**STATE EFFECTIVE DATES**

## STATE EFFECTIVE DATES

The following states require the 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	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

# **EXHIBIT O**

## **DISCLOSURE DOCUMENT RECEIPT**

**RECEIPT**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If CK Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If CK Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

Franchise Seller: Michael White and/or the Sales Agent(s) listed below, 2121 Vista Parkway, West Palm Beach, FL 33411, (561) 640-5570.

Issuance Date: September 1, 2023

I received a disclosure document dated September 1, 2023 that included the following Exhibits:

- |   |  |
|---|--|
| A. State Administrators and Agents for Service of Process | I. Current and Former Franchisees                    |
| B. Multi-Unit Development Agreement                       | J. State Addenda to Disclosure Document              |
| C. Franchise Agreement                                    | K. State Addenda to Franchise Agreement              |
| D. Form of General Release                                | L. State Addenda to Multi-Unit Development Agreement |
| E. Deposit Receipt Letter                                 | M. Confidentiality and Nondisclosure Agreement       |
| F. Compliance Certification                               | N. State Effective Dates                             |
| G. Financial Statements                                   | O. Disclosure Document Receipt                       |
| H. Operating Manual Table of Contents                     |  |

**DATE:** \_\_\_\_\_  
(Do not leave blank)

\_\_\_\_\_  
**Print Sales Agent(s) Name(s)**

\_\_\_\_\_  
Prospective Franchisee **Signature**

\_\_\_\_\_  
Prospective Franchisee **Printed Name**

\_\_\_\_\_  
Prospective Franchisee **Signature**

\_\_\_\_\_  
Prospective Franchisee **Printed Name**

\_\_\_\_\_  
**Corporate Name: (if applicable)**

**By:** \_\_\_\_\_  
Authorized Corporate Officer **Signature**

\_\_\_\_\_  
**Printed** Corporate Officer Name / Title

**RECEIPT**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If CK Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If CK Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

Franchise Seller: Michael White and/or the Sales Agent(s) listed below, 2121 Vista Parkway, West Palm Beach, FL 33411, (561) 640-5570.

Issuance Date: September 1, 2023

I received a disclosure document dated September 1, 2023 that included the following Exhibits:

- |   |  |
|---|--|
| A. State Administrators and Agents for Service of Process | I. Current and Former Franchisees                    |
| B. Multi-Unit Development Agreement                       | J. State Addenda to Disclosure Document              |
| C. Franchise Agreement                                    | K. State Addenda to Franchise Agreement              |
| D. Form of General Release                                | L. State Addenda to Multi-Unit Development Agreement |
| E. Deposit Receipt Letter                                 | M. Confidentiality and Nondisclosure Agreement       |
| F. Compliance Certification                               | N. State Effective Dates                             |
| G. Financial Statements                                   | O. Disclosure Document Receipt                       |
| H. Operating Manual Table of Contents                     |  |

**DATE:** \_\_\_\_\_  
(Do not leave blank)

\_\_\_\_\_  
**Print Sales Agent(s) Name(s)**

\_\_\_\_\_  
Prospective Franchisee **Signature**

\_\_\_\_\_  
Prospective Franchisee **Printed Name**

\_\_\_\_\_  
Prospective Franchisee **Signature**

\_\_\_\_\_  
Prospective Franchisee **Printed Name**

\_\_\_\_\_  
**Corporate Name: (if applicable)**

**By:** \_\_\_\_\_  
Authorized Corporate Officer **Signature**

\_\_\_\_\_  
**Printed** Corporate Officer Name / Title