



FRANCHISE DISCLOSURE DOCUMENT

TASTING STATION, INC.

An Iowa Subchapter S Corporation
5515 Mills Civic Pkwy, #120
West Des Moines, Iowa 50266
(866) 424-9463 and (515) 224-9463
www.winestyles.com
tastingstation@winestyles.com

We grant qualified franchisees the right to operate a retail store offering a variety of products including some or all of the following: wine and beer (both retail sales and wine bar), coffee, tea, chocolate, cheese, gourmet food items, gift baskets and related products, using WineStyles Tasting Station® procedures and format. The total investment necessary to begin a WineStyles Tasting Station® retail store is \$230,500 to \$475,500. This includes \$23,500 to \$41,000 which must be paid to us.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Bryan McGinness at the address and phone number listed above.

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read your entire contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or 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, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information on franchising.

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

Issuance Date: July 21, 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 Exhibit G.
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 Exhibit F 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 WINESTYLES TASTING STATION business 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 WINESTYLES TASTING STATION franchisee?	Item 20 or Exhibit G lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Iowa. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Iowa than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty payments and marketing fund contributions, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

Tasting Station, Inc.
FRANCHISE DISCLOSURE
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ITEM 1: THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, "TS", "we", "us" or "our" means Tasting Station, Inc., the franchisor. "You" or "your" means the person who buys the WineStyles Tasting Station® Unit Franchise, and each equity owner of the franchisee. We typically enter into Unit Franchise Agreements with individuals. If you are an individual, you may, with our consent, assign your rights under the Unit Franchise Agreement to a corporation or limited liability company, but you must sign the Assignment and Consent Agreement attached as Exhibit 6-U to the Franchise Agreement.

TS - Franchisor

We are an Iowa Subchapter S Corporation formed on July 18, 2012. Our principal business address is 5515 Mills Civic Parkway, #120, West Des Moines, Iowa 50266. Our telephone number is (515) 224-9463. Our agents for service of process are listed in Exhibit "D." We do business under our corporate name and under the name "WineStyles Tasting Station®." We have operated a business of the type being offered by this Disclosure Document. We have offered WineStyles Tasting Station® franchises since December 1, 2012.

TS has not directly operated or franchised businesses of the type being offered in the Disclosure Document. However, its shareholders have, through an affiliated LLC (based on common ownership), Muldoon Enterprises, LLC, operated a WineStyles® store in West Des Moines, Iowa from June 2006 until the present. Its shareholders also served as WineStyles® Area Developers for Iowa and Illinois (excluding Chicago and Chicago Area Suburbs) from December 29, 2006 until November 1, 2012. Its shareholders have also, through an affiliated LLC (based on common ownership), Muldoon Enterprises2, LLC, operated a WineStyles Tasting Station® store in Cedar Rapids, Iowa from June 27, 2020, until the present.

We do not have any parent corporations or any affiliate that offer products or services to franchisees or offer franchises in line of business.

Predecessor

Effective August 1, 2012, TS obtained exclusive rights to all WineStyles® and WineStyles Tasting Station® related intellectual property and franchising rights pursuant to an Intellectual Property Licensing and Asset Purchase Agreement with its "predecessor," Awesome Brands, Inc. ("AB"). AB was originally incorporated under the name WineStyles, Inc. in 2002 but changed its name in 2012. Its principal business address was 5100 W. Copans Road, Suite 310, Margate, Florida 33063. AB and its predecessors and affiliates, offered WineStyles® unit franchises and area developer franchises from September 13, 2002, until December 31, 2009. As of December 31, 2009, AB no longer sold franchises but continued to service existing franchisees through a management agreement. TS is now responsible for providing continued service to existing WineStyles® unit franchises and area developer franchises.

Our Unit Franchise Program

Under this Disclosure Document, TS is offering unit franchises ("Unit Franchises") for the operation of WineStyles Tasting Station® retail stores ("Stores") offering the sale of wine and beer, wine products, wine bar with on-premises consumption of wine (where allowed), and sale of a variety of products including some or all of the following: chocolate, cheese, gourmet foods and gift baskets, and related services and products to customers (collectively, "Products and Services") using the WineStyles Tasting Station® system ("System"). Some WineStyles Tasting Station® Stores will be located next to a restaurant. The System includes our trademarks and copyrights, the name "WineStyles Tasting Station®"; readily recognized color schemes; designs and layouts for the store; specialized paper products, signs, point of purchase displays, logos, trade names, trademarks and service marks identifying the store (collectively, "Marks"); wine selections and proprietary Wine Products, Services and Related Products; System Standards; methods for displaying and merchandising products and for operating the Store, all of which we may change, alter, amend or discontinue from time to time. Each Store has a distinctive appearance and method of operation identified with the System and will be typically located in strip shopping centers, lifestyle centers and highly concentrated business and

populated residential areas.

WineStyles Tasting Station® Businesses will be able to operate under three different models, each of which requires approximately 2,200 to 3,000 square feet. Model One is for a complete wine and beer retail shop with additional products such as cheese, chocolate, coffee, tea and gourmet foods. Model Two is for a complete wine and beer retail shop with a bar. Model Three is a combination of Models One and Two and is for a full wine and beer retail shop with additional products such as cheese, chocolate, coffee, tea and gourmet foods and a bar. Each Store (regardless of the model selected) will be designed and constructed in accordance with plans developed by us.

We also offer you the opportunity to develop up to two additional Stores under a Right of First Refusal Agreement, a copy of which is attached to this Disclosure Document as Exhibit C. You must sign a Unit Franchise Agreement for each Store you open under a Right of First Refusal Agreement. The Unit Franchise Agreement you sign will be our then current form of Franchise Agreement, which may differ from the current Franchise Agreement included with this Disclosure Document

In the past we have offered Regional Development Agreements under a separate Franchise Disclosure Document, although we currently are not offering that franchise. If you purchase the right to operate a unit franchise in an area where we have a Regional Developer, some assistance provided to you under the Franchise Agreement may be provided by our Regional Developer. Required disclosures regarding our existing Regional Developers are contained in Exhibit E to this Disclosure Document.

Market Conditions

The general market includes all retail consumer groups, but especially those interested in purchasing wine, beer and gourmet foods. The market is seasonal in nature in that a larger percentage of business is conducted during the winter holiday months. The market is well developed, highly competitive, and is constantly changing.

You will be competing for customers with a variety of other businesses and indirect competitors. Besides other Stores operated or franchised by us, your competitors will include (i) other national, regional and local retail food and alcohol distribution chains, some of which have franchised operations and provide similar products and services; (ii) privately operated restaurants and take-out food outlets; (iii) traditional wine or liquor stores, supermarkets and warehouse stores; (iv) retail food outlets such as candy stores, coffee shops, cheese shops and gourmet shops, and (v) for certain products, mail order companies. We believe that competition will continue in this industry and that modern marketing, advertising and management strategies must be used in order to compete effectively.

Applicable Laws

Your store must comply with local, county and state health regulations for marketing and sale of alcohol products and local, county and state licensing regulations for the operation of stores selling alcohol products. The Stores must comply with all laws and regulations which are currently in existence and which may later be adopted that apply to your business. Some states or municipalities may restrict your ability to sell food products in wine Store or to permit the on-premise consumption of wine.

You must comply with the Americans with Disabilities Act and any state laws governing access for patrons and use by employees who have disabilities. These may require you to, with our permission, alter your construction and build-out plans.

In addition to laws and regulations which are generally applicable to all retail businesses, you must also be aware that there are many federal and state laws and regulations which govern packaging, sale, shipment and consumption of alcohol.

To operate the Store, you must obtain a license to sell wine and other forms of alcohol. State and local laws,

regulations and ordinances vary significantly in the procedures, difficulty and cost to obtain a license to sell wine, the restrictions placed on how wine may be sold, and the potential liability dram shop laws impose involving injuries, directly and indirectly, related to the sale and shipment of wine and its consumption. You must understand and comply with those laws in operating your Store.

You should consult with your own legal counsel to determine the applicability of these and other laws and regulations to the operation of your Store.

An industry specific state license is required for you to operate a WineStyles Tasting Station® franchise in your state (please see Exhibit “I” to this Disclosure Document). You also will need a business license, reseller’s permit, and possibly other licenses and permits. You must also comply with all Payment Card Industry (“PCI”) data security standards.

ITEM 2: BUSINESS EXPERIENCE

Chief Executive Officer, President and Director: Bryan McGinness

Mr. McGinness has served as CEO, President and Director since July 2012. He also served as an area developer for WineStyles® from December 2006 to November 2012, owner/operator of the WineStyles® store located in West Des Moines from June 2006 to the present and owner/operator of the WineStyles® store located in Cedar Rapids from June 2020 to the present.

Chief Operations Officer, Director of Franchise Development: Andrea McGinness

Mrs. McGinness has served as our COO since July 2012. She also has been our Director of Franchise Development since January 2017. She also served as an area developer for WineStyles® from December 2006 to November 2012, owner/operator of the WineStyles® store located in West Des Moines from June 2006 to the present and owner/operator of the WineStyles® store located in Cedar Rapids from June 2020 to the present.

Vice President of Franchise Operation, Chief Compliance Officer: Jeff McGinness

Mr. McGinness has served as Vice President of Franchise Operations since January 2017. He also has served as our Chief Compliance Officer since August 2012. He also served as Director of Franchise Operations and Director of Franchise Development from August 2012 to January 2017. In addition, he was the owner/operator of a WineStyles® store located in Coralville, Iowa from July 2014 to August 2022.

Vice President of Marketing: Julie Gschwend

Julie Gschwend has served as Vice President of Marketing since January 2017. Prior to that, she was our Director of Marketing from July 2012 to January 2017.

A list of Area Developers is attached to this Disclosure Document as Exhibit E.

ITEM 3: LITIGATION

Litigation Against Franchisees during the last Fiscal Year

During the last fiscal year, there was no litigation involving the franchise relationship.

Concluded Litigation

Tasting Station, Inc. vs. Yvain Hanley; American Arbitration Association (Case No.: 01-18-0003-7662). On or about October 10, 2018, TS initiated arbitration against Yvain Hanley for breach of her Franchise Agreement and breach of her non-compete clause in relation to a WineStyles Franchise Agreement signed August 1,

2013, and assumed by Ms. Hanley effective November 1, 2016. Beginning in May 2017, Ms. Hanley began failing to make her contractually required royalty and NAF payments. In October 2018, TS sent Ms. Hanley a notice of termination and discontinued service and access to WineStyles' company databases. Ms. Hanley filed a counterclaim asserting the contract is void based upon unconscionability and alleged TS breached the contract. On April 15, 2019, the official arbitration hearing took place in Des Moines, Iowa. On May 10, 2019, the American Arbitration Award entered an award in favor of Tasting Station, Inc. in the amount of \$54,219.97.

Other than this action, there is no litigation that 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

Single Unit Franchise Fee

The Initial Franchise Fee for a Unit Franchise ranges from \$15,000 to \$25,000, depending on if you obtain multiple Stores. If you purchase rights for additional WineStyles Tasting Station® locations when you sign your Franchise Agreement, the standard Initial Franchise Fee (\$25,000) will be reduced for additional Stores, with you paying \$20,000 for the second Store and \$15,000 for the third and each additional Store. The Initial Franchise Fee is due in full upon the signing of your Franchise Agreement and is fully earned and non-refundable.

Grand Opening Advertising

You will be required to spend between \$7,500 and \$15,000 for approved grand opening advertising. Upon the signing of the Franchise Agreement, you must deposit \$7,500 with us that will be applied to your grand opening advertising expenditures. If you are purchasing an existing WineStyles Tasting Station® store you must also deposit \$7,500 with us at the time of transfer to be applied to initial advertising expenditures. The Grand Opening Advertising fees will be placed in escrow and either reimbursed to you upon your payment of qualifying advertising expenses or paid directly on your behalf for qualifying advertising expenses.

Right of First Refusal Agreement Fee

If you sign a Right of First Refusal Agreement you will pay us a Right of First Refusal Fee of \$5,000 for each additional Store (up to a maximum of two) for which you will have the right of first refusal to open and operate. Thus, if you acquire the right of first refusal for two additional Stores, the Right of First Refusal Fee would be \$10,000. There is no Right of First Refusal Fee payable for the first Store. This fee is non-refundable and is payable upon the signing of the Right of First Refusal Agreement.

If you sign a Right of First Refusal Agreement, you still must pay us the \$25,000 Initial Franchise Fee due for a Single Unit Franchise as noted above. You will receive a \$5,000 credit on the Initial Franchise Fee for any Store developed under the Right of First Refusal Agreement.

Real Estate Services Fee

You will pay us a Real Estate Services Fee of \$1,000 in consideration for the real estate and store design support services we will provide to you. This fee is non-refundable and is payable upon the signing of the Franchise Agreement.

There are no refunds of the Initial Franchise Fee, Grand Opening Advertising payment, the Right of First Refusal Fee, or Real Estate Services Fee under any circumstances and we do not offer any financing of the Initial Franchise Fee, Architectural Services Fee, Grand Opening Advertising payment, Right of First Refusal Fee or Real Estate Services Fee.

ITEM 6: OTHER FEES

Unit Franchise

Column 1 Type of Fee¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Continuing Royalty	You will pay the greater of \$240 or 6% of total weekly Gross Sales revenues from your Store.	Payable electronically every Thursday ²	"Gross Sales" includes total revenues from all sales of every kind made at, through or from your franchised business, including but not limited to, sales of wine and beer, tobacco products, food products, accessories, goods, merchandise, E-commerce, and all services and all revenue from off-premises sales such as entry fees or cover charges. "Gross Sales" do not include credits, refunds, or sales taxes. The weekly minimum royalty is subject to annual adjustment to reflect increases in the Consumer Price Index.
Marketing Fund Contribution	You will pay the greater of \$120 or 3% of total weekly Gross Sales revenues from your Store.	Payable electronically every Thursday ²	In addition to the payment to the Marketing Fund, you must spend at least 2% of Gross Sales for local advertising. The weekly minimum Marketing Fund payment is subject to annual adjustment to reflect increases in the CPI Index. We receive reimbursement of our cost of supervising and administering the Marketing Fund. Currently, this is 30% of the annual aggregate marketing and promotional fees collected (including Marketing Fund Contributions), plus our actual cost paid to third parties in creating and placing advertising.
Late Opening Fee	\$50 for each day you are delayed in opening.	On demand.	If you do not open your Store for business within 120 days from the date we grant permission to use the location for your Store, you must pay \$50 per day until the Store opens. We may also terminate the Franchise Agreement if you are not open for business within this period.
Training for Additional People	\$250 per day	Before completion of initial training.	Initial training is provided to 2 persons at no additional charge. Additional attendees may pay this fee.

Column 1 Type of Fee¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Additional Assistance	Costs incurred by us in providing assistance requested by you.	On demand.	You may incur additional expenses for requests for assistance, and these costs can include mode of travel, lodging, meals, computer consultant expenses, and other per-diem expenses, depending on the nature of the assistance requested.
Renewal Fee	\$5,000	Not later than 30 days before renewal. We will send you the renewal Franchise Agreement 180 days before you are due to renew.	You must sign the then-current form of WineStyles Tasting Station® franchise agreement.
Technology Fees	\$100 per month	1st business day of each month, payable electronically	Current rate is \$100.00 per month. May increase in the future.
Transfer Fee	\$5,000	Before completion of transfer.	Payable on transfer, but no fee if transfer to (i) employee, officer or other owners (up to 49%); (ii) family members; (iii) within 6 months after the Effective Date of the Franchise Agreement to a corporation with the same ownership; or (iv) as a result of death or disability. In addition to the transfer fee, a transferee must deposit \$7,500 with us to be applied to initial advertising.
Late Payment Charge	Greater of 5% of the amount due or \$10 if any Royalty or Marketing Fund contribution is not paid when due.	On demand.	
Reimbursement of Taxes	Amount of taxes	On demand	Taxes imposed by your state or local government on payments you pay to us if we have no physical presence in your jurisdiction.
Audit ³	18% interest on underpayment	Within 30 days after billing.	If our audit finds you understated your Gross Sales by 2% or more or it takes 8 or more hours to organize your records, you must pay the entire cost of the audit.

Column 1 Type of Fee¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Attendance fees for certain required or optional additional training courses or conferences	Varies: Our current attendance fee is \$300 per person, plus travel and living expenses.	On demand	For attendance at optional or mandatory annual courses. The annual conference is mandatory. If you do not attend, you must pay a \$300 fine.

(1) All fees are imposed by and are payable to us. All fees are non-refundable. All fees may be automatically withdrawn from your account and transferred to our account when due.

(2) You must cooperate with our computer consultant to allow the upload of your weekly data from your POS system to our corporate office computer and must complete the ACH authorization form (see Exhibit "G").

(3) If payment is late, it shall bear interest at an Annual Percentage Rate ("APR") of 18% or the highest rate permitted by law, whichever is lower. You must submit a balance sheet and profit and loss statement within 15 days after the end of each calendar quarter, and an annual financial statement prepared in accordance with generally accepted accounting principles consistently applied within 60 days after the close of your fiscal year. The profit and loss statements and balance sheets are to be in the form specified by us and will be certified in writing by you as being true and correct. Interest begins from the date of underpayment.

ITEM 7: ESTIMATED INITIAL INVESTMENT

Unit Franchise

YOUR ESTIMATED INITIAL INVESTMENT				
Column 1 Type of Expenditure	Column 2 Amount¹	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Is To Be Made
Initial Franchise Fee ²	\$25,000	Lump sum	When you sign the Franchise Agreement	TS
Architectural Services Fee ²	\$2,500	Lump sum	As incurred	Approved Supplier
Real Estate Development (including Real Estate Services Fee); Rent (First and Last) and Security Deposit ³	\$5,000 - \$20,000	Lump sum or financed	Before opening	TS (Real Estate Services Fee), Landlord, contractor or other third parties

Tenant Improvements (Electrical, Plumbing, Walls, Ceilings, Floor, Painting, Installation, Permits) ⁴	\$50,000 - \$150,000	Lump sum or financed	By agreement with General Contractor	Contractors or other third parties
Furniture, Fixtures, Small wares and Equipment ⁵	\$32,000 - \$68,000	Lump sum or financed	Before opening	Approved suppliers
Opening Inventory	\$28,000 - \$55,000	Vendor terms	Before opening	Approved suppliers
Miscellaneous Opening Costs ⁶	\$3,000 - \$5,000	As incurred	Before opening	Vendors
Licenses and Permits ⁷	\$2,000 - \$15,000	As incurred	Before opening	Government suppliers
Insurance (including workers' compensation) ⁸	\$2,500 - \$5,200	As incurred	As required by insurance company policy	Insurance company
Grand Opening Advertising ⁹	\$7,500 - \$15,000	\$7,500 upon signing Franchise Agreement and the rest as incurred	As required	Us, Advertising Agencies, and other third party vendors
Travel and Living Expenses While In Training ¹⁰	\$1,000 - \$1,800	As incurred	As required	Airlines, rental car agencies, hotels and restaurants
Point of Sale System (Software and Hardware) ¹¹	\$12,000 - \$13,000	Before opening	As required	Approved Suppliers
Additional Funds - 1st year ¹²	\$60,000 - \$100,000	As incurred	As incurred	See below
TOTALS	\$230,500 to \$475,500			

(1) Your initial investment for a WineStyles Tasting Station® store depends upon (1) the number of stores you acquire; (2) the size of the premises; (3) the configuration/model; (4) the location; (5) who pays the cost of developing the real estate and/or construction of the store; and (6) the amount and terms of financing. The initial funds required must be estimated since most costs are not within our control and may change at frequent intervals. These figures are estimates only. We do not offer financing for any part of the initial investment.

(2) The Initial Franchise Fee and Architectural Services Fee are not refundable. We do not finance any part of them. You must pay to our consultant the \$2,500 Architectural Services Fee for services provided. This Fee is due upon consultant completion of relevant design services.

(3) This estimate includes a Real Estate Services Fee in the amount of \$1,000 payable to us. Real estate costs vary considerably according to the type of store, fair market values in your area, your real estate interest (leasehold or ownership), location, and whether you or your landlord develops the location. Your costs can vary depending on the size of the site and municipal requirements. The store will usually occupy leased space, and will typically contain 1,800 to 2,300 square feet. Lease rates usually range from \$15 to \$45 per square foot, or more. Leases may obligate the tenant to pay the landlord an additional "percentage rent"

amount, equal to the amount by which the rent per square foot is exceeded by a percentage of "gross sales". Leases are usually "triple net", requiring the tenant to reimburse the landlord for all of the landlord's costs of operation. These costs and Common Area Maintenance ("CAM") charges are determined by negotiation with the landlord and will vary from location to location. This item also includes the layout, design and architectural drawings to fit the actual store in your leased space. Your general contractor will need completed detailed plans and specifications to allow him to bid accurately and apply for permits.

(4) The estimate assumes that you pay the entire cost of construction with no allowance or contribution by the landlord for construction and assumes the premises are delivered with four bare walls and ceiling, electric in place, gas in place and that non-union labor will be employed. If the premises are not so delivered, these costs may increase and if union labor is used, these costs may additionally increase. In some instances, the space can be a bare dirt floor pad, with no utilities supplied. Certain locations may require special design criteria that could add to the estimate. The cost associated with extensive build outs and/or special design criteria are not included in the estimate.

(5) This estimate includes estimated costs associated with furniture, furnishings, custom displays, installations, equipment, trade fixtures, office equipment and certain items on the store premises. The amount and specific items of which will vary depending upon the location (freight), store size and condition of a particular store.

(6) This amount includes estimated costs of (a) miscellaneous supplies (packaging and office supplies), start-up utility expenses (fax, telephone and related deposits) and professional services (legal, accounting, etc.). The telephone, gas, water and electric companies, and/or other supplying services to your store may require deposits. The deposits may be refundable to you at a later date. In most cases, your lease will require you to pay electric, gas, water and other utilities directly; however, some landlords cover some utility charges through CAM fees or operating fees. Also, incorporation and related fees include complying with fictitious, assumed, or trade name statutes of the state in which the store is located. The estimate varies from state to state depending on state law, the prevailing rate of attorneys' fees and the scope of legal services requested.

(7) Costs of licenses and permits include liquor license(s), municipal, state and federal permits and licenses. Prices for a wine or liquor license vary from state to state. Some states may carry a higher cost when a moratorium exists and an existing license has to be purchased from a third party. The cost of a liquor license in a state where a moratorium exists may far exceed the estimated range indicated. Unit Franchises are solely responsible for all costs associated with all permits and licenses.

(8) The estimate is for quarterly insurance premiums. You are obligated under the Unit Franchise Agreement to obtain and maintain commercial general liability insurance in the amount of \$1,000,000 aggregate single coverage, liquor liability coverage, business interruption insurance, fire and extended coverage insurance, workers' compensation and any other insurance required under the terms of the lease or in accordance with state law for the business. We may change the required amount of insurance.

(9) You are required to spend between \$7,500 and \$15,000 for Grand Opening Marketing Activities.

(10) You will incur all costs and expenses associated with the mandatory training program. The duration of the training includes 4-5 days of training at the Corporate Headquarters in West Des Moines, Iowa as well as on-site training and assistance prior to and during the first week of operation. These costs include transportation, lodging, compensation of employees and meals. Generally, these costs will vary as a function of the distance traveled, the lodgings selected, the location used for training, the distance between the lodgings and training center and the type of transportation selected. The estimate contemplates attendance of two persons traveling to our training facility in West Des Moines, Iowa (or a destination or store location as designated by us) and attending training as required by the Unit Franchise Agreement. You must also maintain worker's compensation insurance coverage for trainees in your employment.

(11) You are required to use a designated point of sale electronic cash register, related hardware and software, and install a designated telephone line for downloading and credit card confirmation. This estimate

includes costs of countertops, electrical outlets, junction boxes, installation of DSL or cable modem (and cable), and other items necessary for the computer system and POS system to be installed and operate. This estimate also includes the cost of our approved vendor's travel costs (which you must reimburse) in connection with its installation and configuration of your System (like airfare, hotel, meals and car rental).

(12) This is an estimate only of the funds needed for opening expenses and working capital to operate the wine store for the first year of operation and is based on more than 17 years of experience that individuals who are our officers have in the business of the type offered in this Disclosure Document. This estimate includes a conference or certain mandatory or optional training attendance fees and costs, if any. The actual amount of additional funds you will need depends on a variety of factors, including: how much you follow methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for wine and related products; inventory levels; prevailing wage rate; and the sales level reached during the initial period. The estimate of additional funds also includes salaries and benefits for employees, but does not include any allowance for an owner's draw. You may have to put additional cash into the business. In addition, we recommend that you have sufficient additional funds available to cover living expenses for one year. The amount will vary substantially depending on your situation and must be determined by you. These figures should be reviewed with a business advisor before making a decision to purchase a franchise from us.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Unit Franchise Agreement

Purchases from Approved Suppliers.

The goodwill, public acceptance, and recognition of the WineStyles Tasting Station® operating system are based to a significant degree upon uniformity. To ensure that this uniformity is maintained, you must comply with all standards and specifications for vendors, equipment, fixtures, furnishings, displays, product offerings, signs, supplies, and related items to be used or sold in WineStyles Tasting Station® Stores that we specify. Our specifications cover construction, fixtures, design, signs, displays, promotional materials, equipment and paper goods and other items bearing our Proprietary Marks. All specifications are contained in the Confidential Manuals including, but not limited to, the Getting Started Manual, the Training Manual and the Operations Manual (collectively "Manuals"). Modified specifications as a result of research and development will be communicated to you by changes to the Manuals, by emails and by updates to our Intranet. We will furnish you in the Manuals and in other written and electronic materials, our then current approved supplier lists; setting forth approved brands, models, suppliers, or distributors.

Through our Manuals and electronic materials, we may designate suppliers from whom you must purchase certain types of items we designate ("Approved Suppliers"). Although we are not currently an approved supplier of any item, we reserve the right to be an approved supplier and, in some instances, the sole approved supplier. We also may designate a third party as a sole approved supplier. For example, we currently have a sole approved supplier for the architectural services you must use in the design of your WineStyles Tasting Station® store. If we become a supplier, we may derive income from the products and services we provide. During our fiscal year ending December 31, 2022, we did not receive any revenues from purchases by franchisees, although we did receive during the year wine supplier rebates in the amount of \$6.00 per case of wine club wine ordered per store to be applied towards wine club marketing and related materials. The total amount of wine supplier rebates received in fiscal year 2022 is \$18,822, which is 4.1% of our total revenue of \$459,027 according to our audited financial statements included as Exhibit F. If we negotiate group or volume purchasing arrangements with such Approved Suppliers, you must participate in such arrangements.

Except for single-sourced products and services, you must initiate the formal approval process to have specific products or supplies of an additional vendor/supplier approved. As part of this approval process, we may request that the vendor/supplier submit samples of its specific product to us. We then conduct an evaluation of the samples to determine whether the product conforms with the specifications and standards. We will notify the vendor/supplier of our evaluation results by mail usually within 30 days after our receipt of the sample.

We do not issue specifications and standards to franchisees, but we do issue them to approved suppliers. We do not generally make our criteria for supplier approval available to franchisees. As of the date of this Disclosure Document, we do not charge any fees for reviewing requests for vendor approval.

As part of the approval process for a specific product, the vendor/supplier may be required to sign an applicable supplier agreement. We may revoke our appointment if the vendor/supplier is in violation of any of the terms of the applicable supplier agreement or if we determine in our good faith but exclusive judgment that the vendor/supplier is not meeting the standards and specifications that we have established for that product or service. We will notify you in writing within 45 days of our revocation of the appointment/approval of a supplier.

We may modify the standards and specifications for products, supplies and services from time to time and add or delete from the list of approved vendors and suppliers. Standards may include minimum standards for delivery, performance, warranties, appearance and other restrictions. We reserve the right to (i) limit the number of vendors and suppliers, and (ii) receive consideration from the vendors and suppliers, which consideration may or may not be related to services we perform. We also reserve the right to designate a primary source of supply for certain products. We or an affiliate may be that source.

None of our officers have an ownership interest in any of our approved suppliers.

Standards and Specifications

You must develop and operate your Store in accordance with our System Standards which will be designated in our Manuals. You may not install or use any equipment, fixtures, furnishings, displays, supplies, or other items or perform any services in operating your Franchised Business that falls below or deviates from the standards and specifications set forth in the Manuals, unless we tell you otherwise in writing. You must purchase all fixtures, furniture, and equipment following our specifications, which will be provided to you when you sign your Franchise Agreement. You must construct, decorate, and equip your Store in accordance with our requirements, at your sole expense. We must give you permission to proceed with all final plans and specifications before you begin any construction. All responsibility for the work of independent contractors, including delays or construction losses, is solely that of the independent contractors and you and not ours. All material and substantial changes are to be approved by us in writing before the changes are made. You must replace and modernize the furniture, fixtures, supplies, and equipment in your store in accordance with our plans and specifications, which we may change in order to reflect the common image intended to be portrayed by WineStyles Tasting Station® Stores.

Our System Standards may also regulate, among other things, types, models and brands of goods, services, equipment and supplies, as well as other equipment, fixtures, furnishings, signs, software, materials, computer equipment and services and other items we designate for use by or sale by your Store. You must acquire and maintain insurance coverage's as we direct from time to time. We do not make any express or implied warranties with respect to any products or goods we recommend for your use.

You must purchase a designated point of sale system. The current point of sale system is provided by Lightning Online Point of Sale provided through Computer Perfect. All relevant POS equipment can be purchased directly through Computer Perfect or from independent suppliers provided they meet the POS specification requirements. You must provide us with access to the point of sale system and any other computer used in your franchised business by modem at any time.

We estimate that your purchase of products, suppliers and services from us, our affiliates, approved suppliers or that meet our specifications and standards will represent approximately 60% to 80% of your total purchases in connection with the establishment of your Store and 60% of the cost to operate your Store.

One of the most important rights you have as a WineStyles Tasting Station® franchisee is the strength of the brand we are licensing to you. The continued validity of our Marks is dependent on all WineStyles Tasting Station® franchisees following our brand standards. You may not market independently on the Internet or

otherwise independently engage in e-commerce without permission of TS in writing. All internet marketing and ordering will be through the website we own and control.

We do not provide any material benefits to franchisees based upon their purchases of particular products/services or their use of particular suppliers.

ITEM 9: FRANCHISEE'S OBLIGATIONS

Unit Franchise Agreement and Right of First Refusal Agreement

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. "FA" stands for Unit Franchise Agreement and "RFA" stands for Right of First Refusal Agreement.

	Obligation	Section in Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	FA: IV	8, 11
b.	Pre-opening	FA: IV, V, VII; Security Agreement RFA: None	7, 8, 11 Not applicable
c.	Site development and other pre-opening requirements	FA: IV, VIII RFA: None	7, 8, 11 Not applicable
d.	Initial and ongoing training	FA: V RFA: 3.8	7, 11
e.	Opening	FA: IV RFA: None	7, 11 Not applicable
f.	Fees	FA: II-V, XII-XV, XXII RFA: 1 and 3.2	5, 6, 7
g.	Compliance with standards and policies/Operations Manual	FA: VI-VIII RFA: None	8, 11 Not applicable
h.	Trademarks and proprietary information	FA: I, VI, XVI, XVII, XX RFA: None	13, 14 Not applicable
i.	Restrictions on products/services requirements	FA: IV, VIII RFA: None	8, 16 Not applicable
j.	Warranty and customer service requirements	None	Not applicable
k.	Territorial development and sales quotas	FA: I RFA: None	12 Not applicable
l.	Ongoing product/service purchases	FA: VIII	8
m.	Maintenance, appearance and remodeling requirements	FA: II, VI RFA: None	11 Not applicable
n.	Insurance	FA: IX RFA: None	7 Not applicable
o.	Advertising	FA: XII RFA: None	7, 8, 11 Not applicable
p.	Indemnification	FA: X; Pre-authorized ACH form	Not applicable
q.	Owner's participation/management/staffing	FA: V, VI, XV RFA: 3.7	1, 11, 15
r.	Records/reports	FA: VI, XIV RFA: None	6, 11 Not applicable

	Obligation	Section in Agreement	Disclosure Document Item
s.	Inspections/audits	FA: VII, XIV RFA: None	6, 11 Not applicable
t.	Transfer	FA: XV RFA: 4	6, 17
u.	Renewal	FA: II RFA: None	6, 17 Not applicable
v.	Post-termination obligations	FA: XX RFA: None	17 Not applicable
w.	Non Competition covenants	FA: XVII RFA: None	17 Not applicable
x.	Dispute resolution	FA: XXII RFA: 9	17
y.	Other	None	Not applicable

ITEM 10: FINANCING

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

ITEM 11: FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEM AND TRAINING

Except as listed below, Franchisor is not required to provide you with any assistance.

Pre-Opening Obligations

Before the *Unit Franchise Business* is opened, we will:

- 1) Give you permission to proceed with the proposed site for your Store before you execute a binding lease or other agreements (see section IV of the Franchise Agreement).
- 2) Inform you of our specifications and standards for the establishment and operation of a Store. (Unit Franchise Agreement – Section VI.A.)
- 3) Train you (there is no fee for training up to two trainees). (Unit Franchise Agreement – Section V.)
- 4) Provide you with access to the Training Manual (which may be in electronic form, like via an intranet, extranet or CD Rom), and other applicable manuals during initial training. The table of contents of our Training and Operations Manuals are attached as Exhibit “L”. (Unit Franchise Agreement – Section V.I.)
- 5) Provide you with the Real Estate and Store Design Services in return for its payment to us of the \$1,000 per site, Real Estate Services Fee. (Unit Franchise Agreement – Section 4 A. and F.)

Post Opening Obligations – Unit Franchisees

During the operation of the Unit Franchised Business, TS will:

- 1) Provide you with updated lists of approved suppliers and approved supplies from time to time. (Unit Franchise Agreement – Section VIII.A. and B.)
- 2) Provide periodic inspections of the Store, to enhance uniformity and quality control, and be available by phone and telefax for guidance concerning the operation and management of the Unit Franchised Business and provide on-premise assistance; however, you must pay travel and living expenses of our representatives. (Unit Franchise Agreement – Section VII.)
- 3) Provide a uniform reporting system, including standardized forms. (Unit Franchise Agreement

– Section VIV.A.)

4) Develop marketing programs, promotional campaigns and materials, advertising, public relations, and other point of sale materials designed to promote and enhance the value of all WineStyles Tasting Station® Stores, but with no obligation to advertise equally for all markets or franchisees. We will expend marketing and promotion fees collected from all WineStyles Tasting Station® unit franchisees for national and local advertising, public relations, market research, and promotional campaigns designed to promote and enhance the value of the WineStyles Tasting Station® brand and its general public recognition and acceptance. (Unit Franchise Agreement – Section XII.)

5) Provide you with access to our Manuals, and in them designate our System Standards. (Unit Franchise Agreement – Section VI.)

Right of First Refusal Agreement

We do not provide any assistance to you under the Right of First Refusal Agreement.

Unit Franchisee Training Program

TRAINING PROGRAM

Column 1 SUBJECT	Column 2 HOURS OF CLASSROOM TRAINING	Column 3 HOURS OF ON-THE-JOB TRAINING	Column 4 LOCATION
Wine Education, Tasting & Purchasing	8	0	Corporate Training Center in West Des Moines, Iowa
Customer Service, Business Planning & Budgeting, Advertising, Gift Cards, ACH, Compliance & Basic Bookkeeping	8	0	Corporate Training Center in West Des Moines, Iowa
Marketing, Grass Roots Marketing, Public Relations, Customer Service, Purchasing & Receiving, Wine Club, Store Operation and Maintenance, POS Training	8	0	Corporate Training Center in West Des Moines, Iowa
Website Management, Managing Your E-Store & E-Mail Marketing; Event Planning; Promotions, Accessory Orders; Grand Opening Preparation	8	0	Corporate Training Center in West Des Moines, Iowa

Column 1 SUBJECT	Column 2 HOURS OF CLASSROOM TRAINING	Column 3 HOURS OF ON-THE-JOB TRAINING	Column 4 LOCATION
Review Store Procedures; POS Training; Hands on Customer Service	8	0	Corporate Training Center in West Des Moines, Iowa
Sales and Inventory Recap; Merchandising; Customer Service	0	9	At Your Store
Special Orders/Wine Club; Customer Service	0	9	At Your Store
Total	40	18	

The instructional materials include appropriate handouts and information directly from the Manuals. Our Director of Training is Andrea McGinness. She has more than seventeen years' experience in the industry and has been with us since 2012. Other instructors will have had experience in some aspect of operating of the WineStyles Tasting Station® Store. The training in your Store will be conducted by Andrea McGinness. We anticipate most franchisees will complete the training in 7 working days, but it may be completed in a different time frame.

We do not charge for this training or service for up to 2 of your trainees for 7 days (it is included with your Initial Franchise Fee), but you must pay their travel and lodging expenses. For each additional trainee and each additional day of training after 7 days, you may be required to pay us \$250 per day. Also, if any of our instructors provide training after the 7-day initial training period to any of your trainees away from the initial training center designated by us, you must pay the travel and lodging expenses for these instructors. Initial training is provided within 30 days before you begin to operate your Store and within 30 days before you open your Store. When our designated trainer trains you at your Store, you must pay his or her travel and living expenses. We may provide you with proprietary information and related materials for use in training your staff. These materials are our sole property and must be returned to us when you are finished with them. All classroom training occurs at the WineStyles Tasting Station® Corporate Training Center in West Des Moines, Iowa. Any training we provide to any of your employees will be limited to training or guidance regarding the delivery of approved products and services to customers in a manner that reflects the customer service standards of the WineStyles Tasting Station® system. You are, and will remain, the sole employer of your employees at all times, including during all training programs, and you are solely responsible for all employment decisions and actions related to your employees. You are solely responsible for ensuring that your employees receive adequate training.

Conferences and Related Optional or Required Training

TS may make available to you optional or mandatory annual staff training courses, seminars, conferences, or other programs at a location suitable to both you and TS. TS may charge an attendance fee, and you must pay all travel and living expenses. Our current attendance fee is \$300 per person. Our current elective courses are approximately 2 to 3 hours in duration.

TS may hold mandatory annual conferences to discuss Wine Products and Services, sales techniques, personnel training, bookkeeping, accounting, inventory control, performance standards, advertising programs and merchandising procedures. TS may charge an attendance fee, and each Unit Franchisee must pay all travel and living expenses. Our current attendance fee is \$300 per person. Conferences we require will be held at our West Des Moines, Iowa headquarters or at other locations that we designate.

Marketing Fund

We will maintain and administer the WineStyles Tasting Station® marketing fund (the "Marketing Fund"). You will pay weekly, electronically, a fee for advertising, public relations, promotional campaigns, and other marketing programs, in a sum equal to the greater of: 3% of your monthly Gross Sales; or \$120 (Unit Franchise Agreement -- Section XII.B.1). Other franchisees and any corporate- or affiliate-owned stores contribute to the Marketing Fund at the same rate. The monies collected will be specially accounted for on our books and records. These sums are used for the benefit of all franchisees in order to promote and enhance the value of the WineStyles Tasting Station® brand. We are not obligated, in administering the Marketing Fund, to make expenditures for any franchisee that are equivalent or proportionate to their contribution, or to ensure that any particular unit franchisee benefits directly or *pro rata* from expenditures by the Marketing Fund. The Marketing Fund is not a trust fund, does not maintain a separate account for each franchisee, and we do not owe anyone any fiduciary or other obligations relating to it. The Marketing Fund is not audited.

We will direct all marketing programs financed by the Marketing Fund and will have the right to control the creative concepts, materials, endorsements used, geographic market, media placement, and fund allocation. We will use an in-house marketing department, or national or regional advertising agencies. The Marketing Fund may be used to pay the costs of conducting marketing surveys and research; employing public relations firm; preparing and producing video, audio, and written marketing materials, administering multi-regional marketing programs, including, without limitation, purchasing television, radio, magazine, billboard, newspaper, and other media advertising, and employing advertising agencies, providing marketing materials to WineStyles Tasting Station® Stores; holding conventions and regional meetings for WineStyles Tasting Station® franchisees. The Marketing Fund will furnish you with approved marketing materials on the same terms and conditions as we furnish these materials to our other franchisees. The Marketing Fund will not use any funds for advertising that is principally a solicitation for the sale of franchises. (Unit Franchise Agreement – Section XII.B.2.)

We may use in-house advertising personnel or we may engage the services of advertising and public relations firms to assist in our advertising program. TS will determine the cost, form or media, content, format, production and timing, including regional or local concentration and seasonal exposure, location and all other matters involving advertising, public relations and promotional campaigns. TS is entitled to reimbursement for administrative expenses in supervising the advertising program. Currently, TS receives as reimbursement for such expenses, the amount of 30% of the annual aggregate marketing and promotion fees collected (including Marketing Fund Contributions), plus the actual cost (paid to third parties) in creating and placing the advertising. This amount of reimbursement may change at any time based on TS's assessment of the costs of administering and supervising the Marketing Fund. Marketing and promotion fees will be deposited into our National Advertising Fee checking account and no interest is imputed for the benefit or paid to any Unit Franchisee.

In our fiscal year ending December 31, 2022, Marketing Fund contributions were spent as follows: 40% on marketing & advertising, 2% on graphic design, 7% on printing & promotions, 30% on marketing administrative costs, 16% on gift and loyalty card program, 3% on domain & trademark expenses and 2% on miscellaneous advertising expenses.

Under the Unit Franchise Agreement, you authorize us to collect any advertising monies or credits due from any of its distributors or other suppliers and any advertising or other rebates or any discounts from distributors and other suppliers based upon purchases or volume purchases by our unit franchisees (including purchases by you) and us. We have the right to negotiate with suppliers, to obtain price reductions, discounts, or rebates based on volume purchases. Unless these suppliers designate these payments specifically for advertising and promotion (in which case we will contribute them to the Marketing Fund), we can use these payments as we see fit. Any amounts contributed to the Marketing Fund will be in addition to all other amounts due or contributed under the Franchise Agreement. An unaudited statement of monies collected and expenditures made by the Marketing Fund will be prepared annually by us and will be provided to the Unit Franchisees upon request. Any Marketing Fund contributions not spent in the fiscal year in which they are received are carried over to the next fiscal year. (Unit Franchise Agreement – Section XII.B.3.)

As of the date of this Disclosure Document, there is no advertising council. We have the right, but not the obligation, to establish a Marketing Fund Advisory Committee, consisting of franchisees to advise and consult with us regarding the establishment, modification, continuance, or other decisions or considerations affecting marketing programs. It will not have any decision making power. We will determine the organizational structure and manner of operation of that Committee. We will consult with the Committee and consider the Committee's input and advice concerning the use of the Marketing Fund. However, we will retain control over all aspects, including administration and use, of the Marketing Fund. (Unit Franchise Agreement – Section XII.B.6.) If formed, we will have the right to change or dissolve it.

You are required to spend between \$7,500 and \$15,000 on your grand opening marketing in a manner we approve. (Unit Franchise Agreement – Section XII.D.) Upon signing the Franchise Agreement, you will deposit \$7,500 with us to be applied toward the required grand opening marketing expenditures. You are required to spend 2% of Gross Sales monthly on local advertising. Local advertising must be in effect within 30 days after the opening of your WineStyles Tasting Station® Store. You are required to substantiate local advertising by supplying the information we may require, including, tear sheets, paid advertising invoices, and like documentation, upon request. (Unit Franchise Agreement – Section XII.C.)

You are also responsible for any lease obligations which require contributions to a marketing fund, advertising fund, or any fund of a similar nature or other forms of advertising expense and any contributions or expenditures made to satisfy these lease obligations will only reduce their obligation to engage in local advertising, but not your contribution to the Marketing Fund.

Before use by you, you must submit samples of all marketing materials and descriptions of local promotional programs that it proposes to use, that were not prepared or previously approved by us, are to be submitted to us for approval. You are required to receive written approval for any materials or descriptions before using in any manner. You will not use any marketing materials that we have disapproved. (Unit Franchise Agreement – Section XII.C.)

At any time, we may create co-op advertising regions (“Cooperative(s)”). If we create a Cooperative for the geographic area in which your store is located, you must become a member and participate in it. Franchisor or affiliate-owned stores in the Cooperative’s geographic area will also participate. The Cooperative will vote on regional advertising programs and establish contributions of the members, which may not exceed 2% of your Gross Sales. Votes will be on a 1-vote- per-Store basis and matters will be decided by majority vote once a quorum is present. A quorum will be at least 50% of the total number of votes. Your contributions to the Cooperative will count towards meeting your expenditures for local advertising. The members of the Cooperative will elect officers and/or directors who will be responsible for administering it. Any governing documents for such cooperatives will be available for your review.

Site Selection

The site selection procedure is as follows:

1. You must select a Site within an area we designate or approve. Within 90 days after signing the Franchise Agreement, you must obtain a site, at your expense, for the Franchised Business, which you must receive permission from us for use as a WineStyles Tasting Station® Store. And, within 120 days after signing the Franchise Agreement, you must execute a lease for the Site for the Store that is acceptable to us. You must open the Store for business within 180 days after signing the Franchise Agreement. If you do not open your Store for business within 120 days from the date we grant permission to use the location for your Store, you must pay \$50 per day until the Store opens. We may also terminate the Franchise Agreement if you are not open for business within this period.

2. Before a lease or purchase of a site for the Franchised Business is signed, you must submit to us, in the form specified by us, a completed site report and any other information or materials we reasonably require. We will have 30 days after receipt of this completed site report, including all requested data,

information and materials, to advise you as to our decision whether the site is accepted as a location for the Franchised Business. No proposed site will be deemed as accepted unless we have expressly given permission to proceed in writing. If you do not submit an acceptable site to us for our permission to move forward within the time limit described above, we have the right to terminate the Franchise Agreement.

Permission to proceed with your Store location is based on available demographic information on the site and the area in which it is located, including income figures, traffic patterns, neighborhood, visibility and accessibility of the site, parking facilities, competition and other considerations, including the terms and conditions under which the site is available. Your lease is subject to our written permission. We reserve the right to withhold permission to proceed on any site for any reason. Our approval of sites for future Stores under a Right of First Refusal Agreement will be subject to our then current site criteria.

Computer and POS System

You must purchase or lease a POS system. The current POS system is provided by Lightning Online Point of Sale provided through Computer Perfect. All relevant POS equipment can be purchased directly through Computer Perfect or from independent suppliers provided they meet the POS specification requirements. The POS system consists of the following: Multiple components from manufacturers such as Dell, Hewlett Packard, Citizen, Metrologic, Zebra, Linksys, Symantec, etc. plus services including installation and ongoing technical support. As of the date of this Disclosure Document, the components for the POS and cash register system include the following for each station: Dell Optiplex Computer, 17 inch touch screen monitor, Standard cash drawer and peripheral partner with Citizen interface, Citizen receipt printer, Honeywell Hyperion barcode scanner, keyboard and mouse, Zebra receipt printer.

We will provide you with access to the WineStyles Tasting Station® management system, proprietary accounting and reporting manuals and related materials designed to be used by unit franchisees on a suitable cash register system as defined above. You will use your POS system to complete point-of-sale transactions, track weekly sales and accounting, employee hours, labor timekeeping and inventory tracking. TS may have independent access to your POS system with no contractual limits on the ability to access the POS system and other computer information. The estimated cost of the POS system is \$12,000 to \$13,000. You are obligated to provide ongoing maintenance, repairs, upgrades and updates to the computer system with no contractual limitations, although if TS updates the POS system each Store will receive a 90-day notice and the cost will not exceed \$10,000 per Store. (Unit Franchise Agreement – Section VI.I.) The estimated annual cost of optional or required maintenance, updating, upgrading or support contracts is \$828 to \$1,500, although TS is not obligated to provide ongoing maintenance, repairs, upgrades and updates to the required computer system.

In addition to the computer and POS system, you will need to purchase business software (Quickbooks, Microsoft Office Suite which includes Word, Excel, Outlook, PowerPoint, and Publisher) which will cost \$300 or less.

Time of Opening

The typical length of time between the receipt of the Initial Unit Franchise Fee or signing of the Unit Franchise Agreement and the opening of the Store varies according to the circumstances involved. It is anticipated that it will take between 90 to 180 days to open a WineStyles Tasting Station® Store after the Unit Franchise Agreement has been executed and the Initial Unit Franchise Fee paid, subject to delaying circumstances normally associated with construction endeavors. A store will be permitted to open for business only after receiving our written permission to proceed. Factors that will affect the length of time it takes you to open for business include: finding an acceptable site; securing financing, zoning and other permits; alcohol licenses, compliance with local ordinances and restrictions; weather conditions; availability, delivery and installation of inventory, fixtures, signs and equipment; and completion of required training.

ITEM 12: TERRITORY

You are granted a franchise to operate a Store at a specific location. You will not receive an exclusive territory. You may face competition from other franchisees, from other outlets that we own, from other channels of distribution or competitive brands that we control. You may also face competition from other channels of distribution we may control such as catalog sales or internet sales or from other competitive brands we may control.

Except for orders generated from our website for your Store, you only have the right to operate the Franchised Business from the premises where your Store is located. You do not have any contractual right to relocate your Store. The continuation of your rights to operate your Store at the approved location is not dependent upon achievement of any certain sales volume, market penetration, or similar contingency. Under the Franchise Agreement, you are not granted any rights of first refusal or similar rights to acquire additional franchises within any areas. You do, however, have a right of first refusal to develop additional Stores under the Right of First Refusal Agreement, although our approval of any sites under a Right of First Refusal Agreement will be subject to our then current site criteria. We may establish other franchise or company-owned outlets on such conditions as we deem appropriate and such outlets may compete with your location. We are not restricted from operating company-owned Stores or granting franchised outlets for similar competitive business within the area surrounding your Site. You are not restricted from soliciting or accepting orders from customers residing in any geographic areas except that you must comply with all applicable laws. We also have the right to engage in wholesale operations unless we grant you such right in writing. We may distribute or license the manufacture or distribution of products regardless of whether such products are sold in WineStyles Tasting Station® Stores under the Marks or otherwise.

You must not engage in activities that are equivalent to the Franchised Business outside your Store (including delivery of Products and Services) without our prior written consent. These prohibited activities without our prior written consent include any right to use other channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing activities. You must diligently promote and market the Franchised Business, develop to the best of your ability the potential for Franchised Business in your Store, and devote and focus your attentions and efforts to this promotion and development. We may permit you to offer delivery services for the wines and other products you offer from the Store. If so, we will designate a "Delivery Area." You must not sell wines or other products from the Store where those wines or other products would be delivered outside of your Delivery Area. We grant you no exclusive rights whatsoever in and to the Delivery Area. We may ourselves operate franchises, company-owned Stores or rent others the right to operate franchises or other businesses which offer wine and other similar products to those offered by the Stores within your Delivery Area. We may condition your right to provide delivery services within your Delivery Area upon your full compliance with all of our System Standards. In the event you fail to comply with our System Standards, we may reduce, eliminate or otherwise modify your Delivery Area. We do not compensate any franchisee for soliciting or accepting orders from inside your Delivery Area.


We and our related entities reserve the right to use or allow others to use the Marks, including the express right to establish in the future company owned stores selling Products and Services using the WineStyles Tasting Station® brand or other marks. We do not intend to establish any company-owned Stores under different trademarks, nor have we established or intend to establish franchises offering primarily similar products or services as a WineStyles Tasting Station® Store, under different trademarks. However, we reserve the right to use or allow others to use the Marks, including the right to establish company-owned Stores using the Marks or other marks. We also reserve the right to establish franchises under other trademarks to operate business concepts that do not offer primarily the same or similar products as a WineStyles Tasting Station® Store.

We also have the right to distribute or license the manufacture or distribution of products regardless of whether those products are authorized for WineStyles Tasting Station® Stores, under any trademarks, service marks, logos, and commercial symbols, whether or not licensed to you, or through other channels of distribution. For example, we have the right to have our own E-commerce website/business.

We do not currently operate, franchise or have plans to operate or franchise a business under a different trademark that would sell goods or services similar to those that you will offer.

ITEM 13: TRADEMARKS

You are licensed to operate the franchise business under the name “WineStyles Tasting Station®” and other current or future Marks. By Marks, we mean trademarks, trade names, service marks and logos we may authorize for you to identify your franchised business. The following Marks have been registered with the United States Patent and Trademark Office (“USPTO”) on the principal register:

Registration Number	Trademark	Registration Date
Reg. No. 2,878,856		Registered August 21, 2004
Reg. No. 3,132,759	WineStyles (Design Mark)	Registered August 22, 2006
Reg. No. 3,126,917	WineStyles (Word Mark)	Registered August 8, 2006
Reg. No. 3,135,633	“It’s What’s Inside That Counts”	Registered August 29, 2006
Reg. No. 3,132,804	“What’s Your Style?”	Registered August 22, 2006
Reg. No. 3,299,922	"Because Every Day is an Occasion"	Registered September 25, 2007
Reg. No. 3,429,934	Crisp, Silky, Rich, Bubbly, Fruity, Mellow, Bold, Nectar & Design	Registered May 20, 2008
Reg. No. 3,716,383	Taste, Learn and Enjoy	Registered November 24, 2009
Reg. No. 3,660,732	The Only Wine Club with a Clubhouse	Registered July 28, 2009
Reg. No. 4,600,906	BeerStyles (Design Mark)	Registered September 9, 2014
Reg. No. 4,600,905	BeerStyles (Word Mark)	Registered September 9, 2014
Reg. No. 4,903,964	WineStyles Tasting Station (Design Mark)	Registered February 23, 2016
Reg. No. 4,903,964	WineStyles Tasting Station (Word Mark)	Registered February 23, 2016

We own all of the WineStyles Tasting Station® Marks. Required affidavits and renewals for the Marks noted in the table have been filed when due.

You must follow our rules when you use these Marks. You cannot use a name or Mark as part of your corporate or LLC name. You may not use our registered name in the sale of unauthorized products or services or in a manner not authorized in writing by us.

There are no effective material determinations of the Patent and Trademark Office, Trademark Trial or Appeal Board, Trademark Administrator; nor any pending infringement, opposition or cancellation; nor of any pending material litigation involving the principal Mark. There are currently no effective agreements that significantly limit our rights to use or license the use of our Marks.

You must notify us immediately when you learn about an infringement or challenge to your use of our Marks. Under the terms of our Franchise Agreement, we will then take the action we think appropriate. We have the right to exclusively control any administrative proceedings or litigation arising out of any such infringement, challenge or claim. While we are not required to defend you against a claim against your use of our Mark, we will indemnify you for all actual damages (other than loss of income) and out of pocket expenses (including new signage) incurred by you in connection with defending the Marks. To receive reimbursement, you must have used the Mark in strict accordance with the provisions of the Franchise Agreement.

You must modify or discontinue the use of a Mark if we modify or discontinue it. We are not obligated to compensate you for any costs incurred in connection with such modification or discontinuance. You must not directly or indirectly contest our right to our Marks, trade secrets or business techniques that are part of our business.

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

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or pending patent applications that are material to the franchise. We claim copyright protection in the Manuals and related materials, and advertisement and promotional materials, although these materials have not been registered with the United States Registrar of Copyrights. These materials are considered proprietary and confidential, are considered our property, and may be used by you only as provided in the Franchise Agreement. Although we have not filed an application for a copyright registration for the Manuals, we claim a copyright and the information is proprietary. You must also promptly tell us when you learn about unauthorized use of any of our proprietary information. We are not obligated to take any action but will respond to this information as we think appropriate.

There are no currently effective determinations of the Copyright Office (Library of Congress), United States Patent and Trademark Office, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition or cancellation proceeding or any pending material litigation involving any patents or copyrights. There are currently no agreements in effect that significantly limit our rights to use or license the use of any patents or copyrights in any manner material to the franchise. There are no infringing uses actually known to us that could materially affect your use of the copyrights.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to any patents and copyrights and we have the sole right to decide to pursue or settle any infringement or unauthorized use of the patents or copyrights. You must notify us promptly of any infringement or unauthorized use of the patents or copyrights of which you have become aware.

You must keep confidential during and after the term of the Franchise Agreement all proprietary information, including the manuals. Upon termination of your Franchise Agreement, you must return to us all proprietary information, including but not limited to the manuals and all other copyrights material. You must notify us immediately if you learn about an unauthorized use of proprietary information. We are not obligated to take any action and we have the sole right to decide the appropriate response to any unauthorized use of proprietary information. You must comply with all the changes to the manuals at your cost.

ITEM 15: OBLIGATIONS TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Franchise Agreement specifically requires that a principal of your franchise entity personally participate in

the direct operation of the Store. Alternatively, you must employ on a full time basis at least one trained supervisor (“Store Manager”) who has successfully completed WineStyles Tasting Station® training program for the Store. The identity of the Store Manager must be disclosed to us and if the identity of the Store Manager changes, we must be notified in writing. The Store Manager must devote his or her entire time during normal business hours (approximately 45 hours per week) to the management, operation and development of the Franchised Business, although the Store Manager is not required to have any equity or ownership interest in the Franchisee or Franchised Business. The Store Manager must maintain confidentiality of the trade secrets, and conform to the covenants not to compete. All persons performing managerial or supervisory functions, all personnel receiving special training and instruction, and all persons employed by you having access to our Confidential Information must execute our form of Employment- Noncompetition Agreement and/or Confidentiality, Non-Disclosure and Non-Competition Agreement attached as Exhibit 4-U/9-U to the Franchise Agreement. You must, at your sole expense, enforce such Employment-Noncompetition Agreement if we direct you to do so.

ITEM 16: RESTRICTION ON WHAT FRANCHISEE MAY SELL

You must offer all Products and Services and other goods and services that we designate as required for all WineStyles Tasting Station® franchisees. You will offer for sale to the public a selection of wines, wine accessories, craft beer, chocolates, artisan cheeses and meats, food items (where allowed) and related products. Whenever you use our Marks, you must only provide Products and Services and other goods and services that we authorize.

We have the right to add other authorized goods and services that you must then offer. There are no limits on our right to do so except that the additional investment required of your Store (for equipment, supplies and initial inventory) will not exceed \$10,000 per year.

You cannot deliver Products and Services to customers located outside your “Delivery Areas” (as defined in the Franchise Agreement). Otherwise you have no limitations on customers you may sell to or the locations of those customers. However, the customer list is part of our proprietary information and you may not use the customer list for any purpose other than the operation and promotion of your WineStyles ®Tasting Station Store.

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP			
	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a.	Length of the franchise	II.A	Term is 10 years.
b.	Renewal or extension of the term	II.B	If you are not in default, you can renew for additional 10 year terms.
c.	Requirements for you to renew or extend	II.B	Not be in default, have satisfactory inspections, give written notice, sign new Franchise Agreement with then current terms, pay renewal fee, sign general release, upgrade or remodel store. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions

THE FRANCHISE RELATIONSHIP

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
			materially different from these in your previous franchise agreement, such as different fee requirements and territorial rights.
d.	Termination by you	XIX.C	Only in the event of material breach which is not cured after written notice within specified time.
e.	Termination by us without cause	None	Not applicable.
f.	Termination by us with cause	XIX	We can terminate for material breach. Termination of the Right of First Refusal Agreement does not terminate the Franchise Agreement. Termination of the Franchise Agreement does terminate the Right of First Refusal Agreement.
g.	“Cause” defined – curable defaults	XIX.B.	You have 30 days to cure any other defaults not listed in Section XIX.A; such as, default under other agreements; transfer without prior consent; loss of franchise location; failure to operate; failure to pay obligations to third parties; failure to comply; failure to open; failure to pay obligations to franchisor; failure to comply with governmental regulation; operation of the Store in danger to public health. Termination of the Right of First Refusal Agreement does not terminate the Franchise Agreement. Termination of the Franchise Agreement does terminate the Right of First Refusal Agreement.
h.	“Cause” defined – non-curable defaults	XIX.A	Bankruptcy; abandonment; misrepresentation; foreclosure; trademark misuse or unapproved transfers, criminal misconduct; repeated defaults or failure to comply. Termination of the Right of First Refusal Agreement does not terminate the Franchise Agreement. Termination of the Franchise Agreement does terminate the Right of First Refusal Agreement.
i.	Your obligations on termination or non-renewal	XX	Complete de-identification; return Manual and all confidential materials, pay all amounts due. (Also see the Confidentiality Non-Disclosure and Non- Competition Agreement.)
j.	Assignment of contract by us	XV.A	No restriction on our right to assign.
k.	“Transfer” by you - definition	XV.B	You may assign the Franchise Agreement on certain conditions (includes transfer of interest in Franchised Business or in your business entity).

THE FRANCHISE RELATIONSHIP

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
i.	Our approval of transfer	XV.B	We have the right to approve all transfers but will not unreasonably withhold approval.
m.	Conditions for our approval of transfer	XV.B	New franchisee qualifies, transfer fee of \$5,000 is paid, purchase agreement approved, training arranged, release signed by you and current agreement signed by new franchisee (also see r. below).
n.	Our right of first refusal to acquire your business	XV.D	We can match any offer.
o.	Our option to purchase your business	XX.C	Option to purchase all disposable items containing Proprietary Marks.
p.	Your death or disability	XV.B.	Franchise or ownership interest must be assigned to an approved buyer within 9 months.
q.	Non-competition covenants during the term of the franchise	XVII.B	No involvement in competing business anywhere. (Also see the Confidentiality Non-Disclosure and Non-Competition Agreement.)
r.	Non-competition covenants after the franchise is terminated or expires	XVII.B	No involvement in competing business for 2 years within 30 miles of your store location or within 10 miles of any WineStyles Tasting Station Store. Also the telephone numbers, web sites and domain names used with the franchised business must be transferred to Tasting Station, Inc. when you leave the Tasting Station system. (Also see the Confidentiality Non-Disclosure and Non-Competition Agreement.)
s.	Modification of the agreement	XXI.D	No modifications generally, but Operating Manual subject to change.
t.	Integration/merger clause	XXII.D	Only the terms of the Franchise Agreement and other related written documents are binding (subject to state law). Any representations or promises outside of the disclosure document and the franchise agreement may not be enforceable. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.

THE FRANCHISE RELATIONSHIP			
	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
u.	Dispute resolution by arbitration or mediation	XXII.K	Except for certain claims, all disputes must be arbitrated in Polk County, Iowa.
v.	Choice of forum	XXII.M; See State; Addenda	Litigation must be in Polk County, Iowa. This provision may be subject to applicable state law.
w.	Choice of law	XXII.L; Release; See State Addenda	Federal law applies to arbitration and trademark issues. The laws of your state apply to all other issues. This provision may be subject to applicable state law.

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 about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records 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 our President and CEO, Bryan McGinness, 5515 Mills Civic Pkwy, #110, West Des Moines, Iowa 50266, (515) 224-9463, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

UNIT FRANCHISE INFORMATION

**Table No. 1
System-wide Outlet Summary
For Years 2020 to 2022**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020	9	8	-1

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Outlets	2021	8	8	0
	2022	8	10	+2
Company- Owned	2020	2	3	+1
	2021	3	3	0
	2022	3	1	-2
Total Outlets	2020	11	11	0
	2021	11	11	0
	2022	11	11	0

Table No. 2
Transfers of Outlets From Franchisees to New Owners
(Other than the Franchisor or an Affiliate) For Years 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Iowa	2020	0
	2021	0
	2022	2
Total	2020	0
	2021	0
	2022	2

Table No. 3
Status of Franchised Outlets
For Years 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations Other Reasons	Column 9 Outlets at End of the Year
Illinois	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Iowa	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	1	0	2

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations Other Reasons	Column 9 Outlets at End of the Year
	2022	2	2	0	0	0	0	4
Nebraska	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
North Carolina	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Virginia	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Wisconsin	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Total	2020	9	0	0	0	1	0	8
	2021	8	0	0	0	1	0	8
	2022	8	2	0	0	0	0	10

**Table No. 4
Status of Company-Owned Outlets
For Years 2020 to 2022**

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets sold to Franchisees	Column 8 Outlets at End of the Year	Column 9 Outlets at End of the Year
Iowa	2020	2	0	1	0	0	0	3
	2021	2	0	1	0	0	0	3
	2022	3	2	0	0	0	0	1
Total	2020	2	0	1	0	0	0	3
	2021	2	0	1	0	0	0	3
	2022	3	2	0	0	0	0	1

*Company outlet located in West Des Moines, Iowa is owned and operated through an affiliated Iowa LLC.

Table No. 5
Projected Openings For 2023 Fiscal Year
As of December 31, 2022

Column 1 State	Column 2 Franchise Agreements Signed But Outlets Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Illinois	0	1	0
Iowa	0	1	1
Virginia	0	1	0
Wisconsin	0	1	0
Total	0	4	1

Attached as Exhibit “G” is a list of the franchisees in the WineStyles Tasting Station® system as of the date of this Disclosure Document. Attached as Exhibit “H” is a list of the franchisees who have had a WineStyles/Tasting Station® outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the application date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years we have not signed confidentiality clauses with existing or former franchisees.

As of the date of this Disclosure Document, there are no trademark-specific franchisee organizations associated with the franchise system being offered.

ITEM 21: FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit F are our audited financial statements for the fiscal years ended December 31, 2022, December 31, 2021, and December 31, 2020. Also included as part of Exhibit F are our unaudited financial statements as of May 31, 2021. Our fiscal year end is December 31.

ITEM 22: CONTRACTS

- Exhibit A - Unit Franchise Agreement and Exhibits
- Exhibit B - Franchise Disclosure Questionnaire
- Exhibit C - Right of First Refusal Agreement
- Exhibit I - Pre-Authorized “ACH” Form
- Exhibit K - State Specific Addenda and Riders
- Exhibit M - Sample Release of Claims

ITEM 23: RECEIPTS

The very last page of this Disclosure Document is a detachable document for you to return to us acknowledging receipt of this Disclosure Document. The next to the last page is a duplicate receipt to be kept by you. If this page or any other pages or exhibits are missing from your copy, please contact us at the address and phone number on the cover page of this Disclosure Document.



Tasting Station, Inc.

UNIT FRANCHISE AGREEMENT

EXHIBIT A



TASTING STATION, INC.
UNIT FRANCHISE AGREEMENT

Franchisee: _____ Date: _____

_____ Store Location: _____

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2-U	Agreement with Landlord
3-U	Employment – Non-Competition Agreement
4-U	Security Agreement
5-U	Assignment and Consent
6-U	Business Entity Information
7-U	Personal Guaranty and Assumption of Obligations
8-U	Confidentiality, Non-Disclosure and Non-Competition Agreement

UNIT FRANCHISE AGREEMENT

THIS UNIT FRANCHISE AGREEMENT is made in Iowa, as of _____, 201__ by and between **Tasting Station, INC.**, a Iowa Corporation, ("Franchisor") and _____ (collectively, "Franchisee").

RECITALS

Franchisor has developed a unique system for the operation of retail stores offering tasting stations with a variety of products including beer and wine, coffee, tea, chocolate, cheese and gourmet foods ("System"), all as presently designated by Franchisor and as may be further developed and modified by Franchisor.

The retail stores will operate under the name "WineStyles Tasting Station®" and such other trademarks, service marks, trade names, logos, and commercial symbols as Franchisor may change from time to time and the trade dress ("Proprietary Marks").

Franchisee is desirous of obtaining a franchise to operate a WineStyles Tasting Station® Store utilizing the concepts, methods, and techniques all under the System; as such, System may be constituted by Franchisor from time to time. Franchisee has submitted an application and other pertinent information, including financial statements, to Franchisor, which fully and truthfully set forth the information therein, and Franchisee has further advised Franchisor of all persons who will hold interests in the franchise.

Franchisee has read this Agreement and understands and accepts the terms, conditions, and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor's standards of quality and service and the uniformity of those standards at all WineStyles Tasting Station® stores in order to protect and preserve the trademarks and the goodwill associated therewith.

THEREFORE, Franchisor and Franchisee, intending to be legally bound, for and in consideration of the mutual covenants hereinafter following, do mutually covenant and agree:

I. LICENSE, LICENSED MARKS, AND SPECIFIC LOCATION

A. License

Franchisor hereby grants Franchisee the right to use the service mark " WineStyles Tasting Station®" and such other service marks, trademarks, trade names, and copyrights as Franchisor may designate from time to time, and Franchisee is hereby licensed as a participant in the System for the operation a WineStyles Tasting Station® Store ("Store") solely at the approved Franchise Location. The operation of the Store shall be conducted by Franchisee only at the approved location ("Franchise Location"). The Franchise Location will be designated as a specific street address on Exhibit 1-U, at such time as the Location has been accepted by Franchisor, in accordance with the provisions of Article IV hereof.

Franchisee agrees not to open the Store for business to the public without written permission of Franchisor or to change the location of the Store thereafter without the prior written permission of Franchisor.

B. Proprietary Marks

Franchisee, in operating the Store, shall use such Proprietary Marks only in such manner as is specified from time to time by Franchisor. Franchisee's right to use the Proprietary Marks is derived solely from this Agreement and is limited to the conduct of business by Franchisee pursuant to and in compliance with this Agreement. This Agreement confers no goodwill or other interest in the Proprietary Marks upon Franchisee, other than the right to use the Proprietary Marks in the operation of the Store in compliance with this Agreement and all applicable standards, specifications and operating standards, specifications and procedures prescribed by Franchisor from time to time. Franchisee agrees not to contest Franchisor's title in the Proprietary Marks. Any goodwill established in the Proprietary Marks by reason of Franchisee's use of them shall inure to the exclusive benefit of Franchisor and its affiliate. Any unauthorized use of the Proprietary Marks by Franchisee shall constitute a breach of this Agreement. All provisions of this Agreement applicable to the Proprietary Marks shall apply to any additional Proprietary Marks hereafter authorized for use by, and licensed to, Franchisee by

Franchisor.

Franchisor may seek to obtain federal trademark or service mark registrations for any or all of the Proprietary Marks. There can be no assurance that any such registrations will be granted. There may be similar trademarks or service marks, either registered or not registered, owned by third parties. Such third parties may have rights in such trademarks or service marks that are superior to Franchisor's rights in the Proprietary Marks, thereby restricting the ability of Franchisor to expand the System into certain geographic areas. Franchisor makes no representations concerning the possible rights of such third parties. Franchisee is advised to satisfy itself as to the status of the Proprietary Marks prior to entering into this Agreement.

Franchisee shall use the Proprietary Marks as the sole identification of the Store, provided that Franchisee shall identify himself/herself as the independent owner of the Store in the manner prescribed by Franchisor. Franchisee shall not use the Proprietary Marks as part of any corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than commercial logos licensed to Franchisee hereunder), or in any modified form, nor may Franchisee use any Proprietary Marks in connection with the performance or sale of any unauthorized services or goods or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall prominently display the Proprietary Marks on such signs, merchandise, paper goods, uniforms, and other articles as designated by Franchisor and only in accordance with Franchisor's instructions. Franchisee shall give such notices of trade and service marks registrations as Franchisor specifies and shall obtain such fictitious or assumed name registrations as may be required under applicable law, all at Franchisee's expense.

Franchisor shall have the sole right to handle disputes with third parties concerning the System, including, without, limitation, the Proprietary Marks. In that regard:

1) If Franchisee receives notice, or is informed, of: (a) any claim, suit or demand against it on account of any alleged infringement, unfair competition or similar matter by reason of its use of the System in accordance with this Agreement, including, without limitation, its use of the Proprietary Marks, or (b) any claim by any person of any rights in all or any part of the System or in any Proprietary Mark, Franchisee shall promptly notify Franchisor in writing of such claim, suit or demand. Franchisee has no right to settle or compromise any such claim, suit, or demand. Franchisor shall have right and authority to take such action as it deems appropriate (which, except in the case of suit, may include taking no action) and the right to exclusively control any litigation, United States Patent and Trademark Office or other proceeding arising out of any such infringement, challenge or claim or otherwise relating to the System or any Proprietary Mark. Franchisee shall cooperate fully with Franchisor and execute such documents and perform such actions as may, in the judgment of Franchisor, be necessary, appropriate or advisable in the defense of such claims, suits or demands and to protect and maintain the interests of Franchisor in the System or in the Proprietary Marks which are the subject of challenge. Franchisor will indemnify Franchisee for all actual damages (other than loss of income) and out-of-pocket expenses incurred by Franchisee in connection with any claim made by any third party for infringement, unfair competition or similar matter arising out of Franchisee's use of the Proprietary Marks or the System; provided, however, the foregoing obligation of Franchisor to reimburse Franchisee exists only if Franchisee has used the name or mark which is the subject of the challenge in strict accordance with the provisions of this Agreement, the Confidential Manual (as hereinafter defined) and any other written procedures, requirements or instructions of Franchisor, has notified Franchisor of the challenge as set forth above, and has otherwise fully cooperated with Franchisor.

2) If Franchisee receives notice, or is informed, of any infringing or unauthorized use of the System, Franchisee shall promptly notify Franchisor in writing of such infringing use. Franchisor need not initiate suit against imitators or infringers, nor take any other action to enforce or protect the System.

If it becomes advisable at any time in Franchisor's judgment for Franchisor and/or Franchisee to modify or discontinue use of any Proprietary Mark, or use one or more additional or substitute trade or service marks, Franchisee agrees to comply with Franchisor's directions to modify or otherwise discontinue the use of such Proprietary Marks within a reasonable time after notice thereof by Franchisor. Franchisor shall not be obligated to compensate Franchisee for any costs incurred by Franchisee in connection with such modification or discontinuance.

Upon expiration or termination of this Agreement, Franchisor may, if Franchisee does not do so,

execute in Franchisee's name an abandonment of the use of all Proprietary Marks which have been registered as assumed or fictitious names by Franchisee.

C. Specific Location

1) During the term of this Agreement, and provided that Franchisee is not in default of this Agreement or any other agreement between Franchisor and Franchisee, Franchisee shall have the right to own and operate a WineStyles Tasting Station® franchise at a specific location accepted in writing by Franchisor. This Agreement does not grant you any territorial rights, and we may establish Company-owned and franchised WineStyles Tasting Station® businesses anywhere we determine appropriate.

Franchisee may only operate its Store at the Franchise Location. Franchisee may not relocate the Store, except with Franchisor's prior written consent.

2) Except as otherwise provided, Franchisor retains the right to (a) operate and grant others the right to operate other Stores at such locations and on such conditions as the Franchisor deems appropriate; (b) engage in wholesale operations, unless Franchisor grants such right, to Franchisee, in writing; and (c) distribute or license the manufacture or distribution of products, regardless of whether such products are authorized for WineStyles Tasting Station®, under the Proprietary Marks either licensed hereunder or otherwise held by Franchisor, through other channels of distribution, including catalog and internet sales.

3) Franchisee acknowledges Franchisor's right and the right of Franchisor's affiliates to develop, operate and franchise similar or dissimilar systems, under trademarks, service marks and commercial symbols other than the Proprietary Marks, without offering them to Franchisee.

II. TERM

A. Initial Term

The initial term of this Agreement shall be for a period of ten (10) years, from the date of the execution of this Agreement. Franchisee must ensure that its lease for the Franchised Location allows it to occupy (by original term or renewal option) the Franchised Location for a minimum of ten (10) years.

B. Renewal Option - Renewal Fees

Franchisee shall have the option to renew the Franchise Agreement for additional periods of ten (10) years each, or for such lesser periods as are available under the lease for the Franchise Location, if any. In all cases, renewal shall require that: 1) Franchisee not be in default or in violation of the Franchise Agreement or any other agreement with Franchisor; 2) Franchisee has received satisfactory inspection reports during the expiring term; 3) Franchisee gives Franchisor written notice of Franchisee's election to renew not less than six (6) months prior to the end of the term then in effect; and 4) no later than sixty (60) days prior to the end of the term then in effect, Franchisee has completed all steps necessary to effectively renew, which may include, but are not necessarily limited to: (a) execution of the then-current form of Franchise Agreement and any ancillary agreements then customarily used by Franchisor in the grant or renewal of franchises for the operation of Stores, which Franchise Agreement shall reflect the then-current royalty rate, advertising fees, and non-competition provisions (with appropriate modifications to reflect the fact that the Franchise Agreement relates to the grant of a renewal franchise); (b) Franchisee making such capital improvements necessary to meet Franchisor's then existing criteria and standards for Stores; and (c) Franchisee paying the renewal fee of \$5,000. If Franchisee does not comply with the conditions for renewal to the reasonable satisfaction of Franchisor, Franchisee agrees that Franchisor shall have good cause to refuse to renew the Franchise Agreement. Failure or refusal by Franchisee to execute any agreements, instruments and documents required by Franchisor in connection with such renewal within a reasonable time after delivery to Franchisee, shall be deemed an election by Franchisee not to renew the franchise. If local law modifies, alters, or amends all or part of the renewal provisions, then such provisions shall be modified, altered, or amended accordingly, so as to be in full compliance with such local law.

Franchisee's right to renew the franchise is subject to Franchisee's ability to continue to occupy the

Franchise Location, or relocating the Store to a mutually acceptable new location, within thirty (30) days after the expiration of the right to occupy the Franchise Location.

III. INITIAL FRANCHISE FEE

In consideration of the grant of the franchise by the Franchisor, the Franchisee agrees to pay an Initial Franchise Fee of \$25,000, payable in full upon signing your Franchise Agreement. If the Franchisee later purchases additional WineStyles Tasting Station® franchises, the Initial Franchise Fee for these franchises will be due and payable in full upon execution of the relevant Franchise Agreements, but the Initial Franchise Fee will be reduced as follows:

Second Location	\$20,000	Additional Locations	\$15,000
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The Initial Franchise Fee is fully earned by the Franchisor upon receipt and is non-refundable.

IV. STORE SITE SELECTION

A. Franchisee must locate a site suitable for the operation of the Store, acceptable to Franchisor, and execute a lease for it acceptable to Franchisor within one hundred and twenty (120) days after execution of this Agreement. The site must meet Franchisor's criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses and other WineStyles Tasting Station® Stores, the nature of other businesses in proximity to the site, other commercial characteristics and the size, appearance and other physical characteristics of the proposed site. The proposed site must be granted permission by the Franchisor prior to Franchisee executing a binding lease or otherwise securing the proposed site. Franchisor will grant permission or decline a proposed site for the Store within thirty (30) days after Franchisor receives from Franchisee, a complete site report and any other materials Franchisor requests. Such other materials may include, without limitation, a complete Prospective Location Submission Package (a "Site Package") which includes: a Store Development Request; Demographics/Traffic Data; digital photos/video of the proposed site traffic and signage; aerial photographs and maps; a Lease Outline Drawing of the unit and a Site Plan of the shopping center or surrounding business district; and such other materials as Franchisor may designate. Franchisee must pay to Franchisor the Franchisor's Real Estate Services Fee upon demand. Franchisee must follow and complete to Franchisor's satisfaction Franchisor's onsite selection process. Franchisor may designate a third party to assist Franchisee, or Franchisor may assist Franchisee in finding a site. Franchisor may require Franchisee to contract with a real estate agent, at Franchisee's expense, who will assist Franchisee with Franchisee's real estate needs. The Franchisor's permission of a site is intended only to indicate that the proposed site meets the Franchisor's minimum criteria for identifying sites. In the event Franchisee does not submit an acceptable lease within the foregoing one hundred twenty (120) day period, Franchisor may terminate this Agreement.

B. If the Store site is to be leased directly by Franchisee, the terms and form of Franchisee's lease are subject to Franchisor's prior written permission. Franchisor shall have the right to grant permission or reject the terms of any lease for the Franchise Location. All leases must either have Exhibit 2-U hereto attached as a rider or expressly contain the provisions of Exhibit 2-U. Franchisee shall not execute any lease prior to obtaining Franchisor's consent, which shall not be unreasonably withheld. Franchisor's failure to reject a lease in writing within thirty (30) days after Franchisee submits such lease shall constitute Franchisor's permission to proceed. Franchisor shall also have the right to require Franchisee to execute such additional documents, which provide for the protection of Franchisor's rights and interests, as Franchisor may require.

C. Franchisee agrees to construct (or renovate) and equip the Store, at Franchisee's sole cost and expense, in a good and workmanlike manner, in conformity with all applicable governmental requirements and in accordance with the plans and specifications approved by Franchisor. Franchisee shall only purchase and use such equipment fixtures and furnishings as Franchisor has designated or approved. In that regard, Franchisor may designate by brand name the displays, racks, equipment, including cash register/computer systems and all other specialized equipment for use in the Store. At a minimum, exterior signage, identifying the Store, shall be no less in size proportionately, than is the square footage of the Store to the entire premises, in the event the Franchised Location occupies only a portion of the entire building, premises, or structure. Interior decor must be as specified in the Confidential Manual. Franchisee shall retain, at Franchisee's expense, an architect or engineer to prepare architectural and mechanical plans and

specifications for the Store. Franchisor shall be available to consult with Franchisee on site development and other pre-opening obligations. Franchisee will cause any mechanics' liens, material men's liens or other liens which may be recorded or perfected or which may otherwise attach to all or any portion of the Store as a result of work done by or for the Franchisee to be discharged or released of record or fully bonded, within ten (10) days after notification of the existence of any such lien.

D. Franchisee agrees that the Store shall be completed and open for sales to the public no later than one hundred eighty (180) days from the date of the execution of this Agreement (hereinafter referred to as the "Specified Opening Date"), unless delayed by causes beyond the reasonable control of Franchisee. In the event Franchisee is not open for sales to the public on the Specified Opening Date, Franchisor shall be entitled to receive from Franchisee, in lieu of the Royalty Franchisor would have received, the sum of Fifty Dollars (\$50.00), for each day after the Specified Opening Date during which Franchisee is not open for sales to the public. Franchisor may also terminate this Agreement upon ten (10) day's prior written notice if the Store is not open for business by the Specified Opening Date. Upon such a termination of this Agreement, Franchisor shall be entitled to keep as liquidated damages and not as a penalty, all amounts Franchisee has previously paid to Franchisor, including but not limited to the Initial Franchise Fee, and Franchisor may pursue such other remedies as are available to it at law and in equity. The Specified Opening Date shall be extended for the number of days during which the opening is delayed for causes beyond Franchisee's reasonable control.

E. The Franchise Location shall be used for no purpose other than the operation of a WineStyles Tasting Station® Store, unless otherwise agreed to in writing by Franchisor.

F. Upon execution of this Agreement, Franchisee must pay a designated third party consultant an Architectural Services Fee of \$2,500. to assist Franchisor in providing site selection guidance to Franchisee) for one Site. If Franchisee requests or if the consultant provides Real Estate Services for more than one proposed site, the Architectural Services Fee will be \$2,500 multiplied by the number of such proposed sites. Additional Architectural Services Fees are due upon demand and are fully earned and non-refundable when paid. From time to time, the Franchisor will designate the level, makeup and delivery methods for site selection in its manuals.

V. TRAINING

Franchisor shall provide an initial training program for Franchisee. If Franchisee is an individual, Franchisee must attend. If Franchisee is a business organization, all owners must attend. In addition, Franchisee's designated general manager must attend, as may Franchisee's spouse, if said spouse will be actively involved in the operation of the Store. The initial training will be conducted at such place as designated by Franchisor, following execution of this Agreement. Franchisee shall be responsible for all travel, lodging, and subsistence expenses of those persons attending the training session. Such training is to be completed prior to the opening of the Store and will be for a minimum of sixty (60) hours, or as modified by Franchisor. Franchisor's training program will include an overview of the wine industry, on-site wine tasting, Store operations, merchandising, customer service procedures, and management techniques, together with inventory, cost accounting, and general business procedures.

Franchisee acknowledges that it is of paramount importance that Franchisee and its employees or representatives understand the System and therefore, failure to complete Franchisor's initial training program to the satisfaction of Franchisor, shall be grounds for Franchisor to elect to terminate this Agreement. This Agreement is contingent not only upon the Franchisee's satisfactory completion of training, but also upon Franchisee's taking charge of the Store operations after securing Franchisor's consent.

Franchisor may require Franchisee and/or previously trained and experienced personnel to attend periodic refresher courses at locations designated by Franchisor. Franchisee shall be responsible for all travel, lodging and living expenses that Franchisee and each such person incur in connection with any subsequent training program. Subsequent training and product information may be implement through the distribution of video materials produced by the Franchisor or third parties. Franchisee acknowledges that participation in such training and continuing education shall be required and that all related materials remain confidential and Proprietary Property of the Franchisor.

Franchisee has the right to request additional training from time to time and Franchisor shall, provide such training to Franchisee or to Franchisee's personnel at such times and places and for such duration as Franchisor deems necessary or appropriate; provided, that Franchisee pays the cost of such additional training, including the cost of transportation, subsistence, lodging, and the current charge for the services of Franchisor's representative(s), which costs shall be paid in advance. Franchisor may offer or require certain optional or additional training seminars for conferences for Franchisee to attend at places and times designated by Franchisor. Franchisee will pay to Franchisor the then current attendance fees for attendance at such mandatory or optional conferences or training. Franchisor's current conference fee is \$300 per attendee. Franchisee is also responsible for all travel and living expenses associated with such attendees attendance at such training. Franchisee acknowledges and agrees that the annual conference is mandatory. Failure by Franchisee to attend the annual conference will result in Franchisee paying a fine of \$300 which Franchisor will collect by ACH.

Franchisee specifically agrees that only persons trained by Franchisor, shall have overall responsibility for the operation of the Store and that Franchisee will at Franchisee's sole cost and expense, send each such person to Franchisor for training, unless such training is waived by Franchisor.

Any training Franchisor provides to any of Franchisee's employees will be limited to training or guidance regarding the delivery of approved products and services to customers in a manner that reflects the customer service standards of the WineStyles Tasting Station® system. Franchisee is, and will remain, the sole employer of its employees at all times, including during all training programs, and Franchisee is solely responsible for all employment decisions and actions related to its employees. Franchisee is solely responsible for ensuring that its employees receive adequate training.

VI. STORE OPERATION

In order to maintain uniform standards of operation for all Stores and to protect the goodwill of Franchisor, it is agreed as follows:

A. Standards

Franchisee acknowledges that each and every detail of the appearance, layout, decor, wine and wine products, packaging, displays, materials, and supplies utilized, services offered, and operation of the Store is important to Franchisor and other WineStyles Tasting Station® franchisees. Franchisee shall comply with all mandatory specifications, standards and operating procedures relating to: 1) type, quality, taste, uniformity, and manner of sale of all the products sold by the Store; 2) layout, decor, building materials and color scheme of the Store; 3) exterior design and materials; 4) appearance of employees and uniform specifications; 5) appearance, cleanliness, standards of services, and operation of the Store; 6) materials, supplies, distributors and suppliers; and 7) hours and days during which the Store will be open for business. Mandatory specifications, standards, and operating procedures may be prescribed from time to time by Franchisor in the Confidential Operating Manual ("Confidential Manual"), or otherwise communicated to Franchisee in writing. All references herein to this Agreement shall include all such mandatory specifications, standards, and operating procedures. Any mandatory specifications, standards and operating procedures exist to protect Franchisor's interest in the Proprietary Marks and the System and not for the purpose of establishing any control or duty to take control over those matters reserved to Franchisee.

B. Confidential Manual

The requirements of Franchisor's Confidential Manual, which Franchisor shall provide Franchisee access to during the initial term and any renewal of this Agreement, shall govern the operation of the Store. Access to the Confidential Manual may be provided via any means the Franchisor designates (like hard copy, CP, intranet or extranet). Changes in such requirements may be made by Franchisor from time to time as deemed advisable by Franchisor. Franchisee will operate the Store in accordance with the standards, specifications, and procedures set forth in the Confidential Manual, will comply with any changes in such standards, specifications, and procedures as Franchisor may designate from time to time, and will accept as any modifications, revisions, and additions to the Confidential Manual designated by Franchisor.

C. Maintenance of Exterior and Interior Decor

Franchisee shall at all times maintain the interior and exterior of the Store and the surrounding area in the highest degree of cleanliness, orderliness, and sanitation, and shall also comply with the requirements of the Confidential Manual regarding the upkeep and decor of the Store. Franchisee shall immediately comply with all orders and regulations of applicable state and local health and safety administrators. Franchisee shall repair, refinish, or paint the exterior and the interior of the Store at Franchisee's own expense at such times as reasonably directed by Franchisor or as required by any lease for the Franchise Location.

D. Upkeep of Store

Maintenance and repair of the Store is the sole responsibility of Franchisee. Franchisee shall maintain the signs, equipment, decor, furnishings, fixtures, and all other tangible property in the Store in excellent condition and repair and shall replace any of the equipment and fixtures which become obsolete or mechanically impaired so that such equipment or fixtures no longer adequately perform the functions for which they were originally intended. Replacement equipment and fixtures shall be of the same type and quality as are being used in new WineStyles Tasting Station® Stores at the time replacement is required and shall comply with Franchisor's requirements and specifications. Remodeling of the Store (including signage), to conform to the current WineStyles Tasting Station® format and style, may be required at the time of renewal of this Agreement, at such time(s) as is required under the terms of any lease for the Franchise Location, or otherwise, at Franchisor's direction.

In addition to the foregoing, in order to introduce new products or services through all WineStyles Tasting Station® Stores, Franchisee may be required to spend additional amounts on new, different or modified equipment or fixtures necessary for Franchisee to offer such new products or services. Franchisee acknowledges and agrees that state or local law may restrict or prohibit Franchisee's ability to sell certain food or tobacco products in Franchisee's wine Stores.

In the event the Franchise Location is, at any time, to be altered or remodeled, or additional decorations, fixtures, furniture, or equipment are to be installed or substituted, or signs are to be erected or altered, all of such work shall be subject to the prior written consent of Franchisor, and, when completed, shall conform to plans and specifications approved by Franchisor. Franchisor may inspect, but shall not be obligated to inspect, such work at any time to determine that the work is done in accordance with Franchisor's accepted plans and specifications.

E. Holidays and Hours of Operation

Franchisee shall continuously operate the Store for the hours and days of the week as specified in the Confidential Manual, unless different hours have been approved in writing by Franchisor, based upon the circumstances existing with the Franchise Location. The Store may be closed on recognized United States holidays, at the option of Franchisee, consistent with any lease obligations.

F. Store Supervision

Franchisee, if an individual, or a designated partner, if Franchisee is a partnership, or a designated managing officer, if Franchisee is a corporation, or designated manager, if Franchisee is a limited liability company, shall devote full time (a minimum of 40 hours per week) and attendance, as well as such person's best efforts, to the performance of supervisory and day-to-day Store operational duties. Only a person(s) who is trained to the satisfaction of the Franchisor in the methods and procedures of the System, who shall be physically at the Store during operating hours, shall manage the Store.

G. Franchisee's Sales Efforts

Franchisee shall exert Franchisee's best efforts and abilities to establish, maintain, and increase sales of approved wines, wine products and other approved products under the Proprietary Marks and shall at all times maintain an inventory of wine and wine related products and accessories sufficient to meet public demand.

H. Store Personnel

If requested by Franchisee, Franchisor will provide Franchisee with advice, assistance regarding the recruiting, and selection of an initial staff for the Store. All personnel employed by Franchisee at the Store shall maintain such standards of cleanliness, and demeanor as shall be established by Franchisor. All personnel performing managerial or supervisory functions, all personnel receiving special training and instruction, and all persons employed by Franchisee having access to any of Franchisor's Confidential Information (as herein defined), shall execute Franchisor's form Employment – Non Competition Agreement (Exhibit 3-U hereto). Franchisee shall, at its sole expense, enforce such Agreement, when and if so directed by Franchisor.

I. Point-of-Sale System

Franchisee must purchase and install at Franchisee's expense at the Franchise Location, such computer hardware, required dedicated telephone and power lines, modem(s), printer(s) and other computer-related accessory and peripheral equipment as meets Franchisor's standards and specifications as specified in the Confidential Manual or otherwise in writing. In such event, Franchisee will be required to provide such assistance and purchase such equipment required by Franchisor to bring such computer system and the Store "on-line" with Franchisor's computer system. Franchisee acknowledges and agrees that Franchisor will have the free and unfettered right to retrieve such data and information directly from Franchisee's computer, as Franchisor shall deem necessary, desirable, or appropriate, including Customer Information (as defined below). The telephonic or other transmission costs of such retrieval will be borne by Franchisor. Franchisee agrees to purchase and install any new or upgraded software programs, manuals and computer-related materials and equipment whenever Franchisor determines to adopt such new or upgraded programs, manuals and computer-related materials and equipment for all WineStyles Tasting Station® franchisees. Franchisee understands and agrees that computer designs and functions change periodically and that Franchisee may be required to make and install substantial modifications to the computer system, and make additions, changes and modifications during the term of this Agreement to ensure full operational efficiency and communications capability.

Franchisee may only use Customer Information (as defined below) to the extent necessary to perform Franchisee's obligations under this Agreement during the term hereof and subject to such restrictions as Franchisor may from time to time impose and in compliance with all data privacy, security and other applicable laws. "Customer Information" means any contact information (including name, address, phone and fax numbers, and e-mail addresses), sales and payment history, and all other information about any Customer, including any information deemed "personal information" under applicable law. As used in this Agreement, the term "Customer" refers to any person or entity (i) included on any marketing or customer lists Franchisee develops or uses; (ii) who has purchased or purchases products or services at the Store; or (iii) whom Franchisee has solicited to purchase any products or services at or from the Store. Franchisor owns all Customer Information and may use the Customer Information as Franchisor deems appropriate, including sharing it with our affiliates.

Without limiting the foregoing, Franchisee agrees to comply with applicable law in connection with Franchisee's collection, storage and Franchisee's use and Franchisor's use of such Customer Information, including, if required under applicable law, obtaining consents from Customer to Franchisor and its affiliates' use of the Customer Information. Franchisee must comply with all laws and regulations relating to data protection, privacy and security, including data breach response requirements ("Privacy Laws"), as well as data privacy and security policies, procedures and other requirements Franchisor may periodically establish. Franchisee must notify Franchisor immediately of any suspected data breach at or in connection with the Store or the business operated at the Store. Franchisee must fully cooperate with Franchisor and our counsel in determining the most effective way to meet Franchisor's standards and policies pertaining to Privacy Laws within the bounds of applicable law. Franchisee is responsible for any financial losses Franchisee incurs or remedial actions that Franchisee must take as a result of breach of security or unauthorized access to Customer Information in Franchisee's control or possession.

J. Sale of Products

Franchisee shall not sell, dispense, give away, or otherwise provide products or services bearing the Proprietary Marks, except by means of retail sales in or from the Store. Unless agreed to in writing by Franchisor, all wholesale sales are reserved to Franchisor. If we allow you to deliver products from your Store, we may

establish a Delivery Area. If we do so, you agree not to deliver products outside of the Delivery Area.

K. Franchisee's Cooperation

Franchisee shall cooperate with Franchisor in taking any action, or refraining from taking any action that, in the judgment of Franchisor, is necessary or desirable to promote and enhance the quality of the products of the Store, the service provided by the Store, or the image of the Store in the local community. Franchisee shall attend all Tasting Station, INC. franchise meetings as Franchisor deems mandatory from time to time and as Franchisor deems in the best interest of the System as a whole. The cost of attending said meetings shall be that of Franchisee, including the cost of transportation, subsistence, lodging, and a tuition or attendance fee, if deemed warranted by Franchisor.

L. Approved Product Offerings

Franchisee shall not undertake or implement any changes, additions, or deletions in or to the approved product offerings to be sold at the Store, unless granted permission in writing by Franchisor. Franchisee agrees to indemnify and hold Franchisor, its affiliates shareholders, directors, officers, employees, and agents harmless from and against any and all loss, damage, cost, or expense, including attorneys' fees at all trial and appellate levels, resulting from any change Franchisee makes in the standard product offerings or from any deviation of Franchisee's products from those specified by the Franchisor.

At Franchisor's direction, the merchandising of the approved product offerings may contain advertising references to other WineStyles Tasting Station® Stores. Notwithstanding the foregoing, prices that may appear on merchandising or promotional materials shall be established exclusively by Franchisee, although Franchisor may suggest prices. Franchisor may change the approved product offerings and any such related merchandising and promotional materials at any time and from time to time.

M. Store Compliance with Laws and Procedures

Franchisee shall operate the Store in strict compliance with all applicable laws, rules, and regulations of duly constituted governmental authorities, including, without limitation, obtaining and maintaining all required permits and licenses (including liquor license(s) and permits) and payment of all taxes, and in strict compliance with the standard procedures established by Franchisor from time to time including, without limitation, accounting records and information, on such forms as Franchisor may require; payment procedures; hours of operation; design and color of uniforms; standards of maintenance, and repair; cleaning and fire prevention service; and all matters that, in Franchisor's judgment, require standardization and uniformity in all WineStyles Tasting Station® Stores. All costs that may be incurred in order to maintain and implement such standard procedures shall bear by Franchisee, at its sole expense. Franchisee acknowledges that it is the sole responsibility of the Franchisee to acquire and maintain all documentation, licensing and permits required for the purchase, inventory and sale of alcoholic beverages according to local, state and federal laws as such laws apply to your Store and in your Territory. Franchisee also acknowledges that Franchisee must operate his Store in strict compliance with all local, state and federal laws governing the purchase, inventory and sale of alcoholic beverages. Any violation of such laws or local requirements shall be deemed a default of this Franchise Agreement, and Franchisor may terminate this Agreement upon such violation. Franchisee shall also comply with all Payment Card Industry (PCI) data security standards.

N. Uniforms and Attire

Franchisor shall be entitled to prescribe standard uniforms and attire for all Store personnel. Franchisee shall be entitled to obtain such uniforms and attire from any manufacturer or distributor, so long as the uniforms are of a reasonable quality and are in strict accordance with Franchisor's specifications.

O. Vending Machines

No vending machines, amusement devices, video machines, or other devices of any nature, except as approved by Franchisor, whether or not coin operated, shall be installed or used at the Store, without the prior written consent of Franchisor.

P. Good Business Practices

Franchisee shall secure and maintain in force in its name all required licenses, permits, and certificates relating to the operation of the Store and shall transmit copies of all such licenses, certificates, and permits to Franchisor within ten (10) days of their receipt by Franchisee. All marketing and promotion by Franchisee shall be subject to Franchisor's consent. Franchisee shall in all dealings with its guests, suppliers, Franchisor, and the public adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. Franchisee agrees to refrain from any business or advertising practice, which, in the subjective opinion of Franchisor, may be injurious to the business of Franchisor, and the goodwill associated with the Proprietary Marks and other WineStyles Tasting Station® Stores.®

Q. Receipt of Notice

Within seven (7) days of the receipt by Franchisee of any failing report from any health department or other comparable agency, Franchisee shall mail a complete copy of such report to Franchisor. Franchisee shall also mail to Franchisor, within five (5) days of receipt, a complete copy of all compliance reports associated with the foregoing. Within seven (7) days of the receipt by Franchisee of any claim or demand for payment which could have a material effect upon the operations of the Store by any third party based upon an alleged injury suffered at the Store or upon other grounds, whether such claim is in writing and whether such claimant is a customer, Franchisee shall notify Franchisor in writing and, if such claim is in writing, shall deliver a complete copy of such claim to Franchisor. Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operations or financial condition of Franchisee or the Store or of any notice of violation of any law, ordinance, or regulation relating to health or sanitation or licensing.

R. Destruction or Damage

If a cause other than a voluntary act of Franchisee destroys or damages the Store, so that the Store cannot continue to operate, Franchisee shall repair and restore the Store to Franchisor's then existing specifications, subject to the applicable provisions of any lease for the Store. The Store, or if necessary, a Store at a site granted permission by the Franchisor shall be open and operating no later than six (6) months from the date of the destruction or damage. In the event of any other cessation of operations, Franchisee shall restart operations no later than fourteen (14) days from the date thereof.

S. E-Commerce

Franchisee must participate in the WineStyles Tasting Station® E-commerce program as designated from time to time by Franchisor. Franchisee may be required to sign Franchisor's standard E-commerce Services Agreement. Franchisee may not conduct any e-commerce except through the designated WineStyles Tasting Station® E-commerce site. Franchisee acknowledges and agrees that Franchisor has the right to develop and operate its own E-commerce website/business without any participation by Franchisee.

VII. STORE INSPECTION

Franchisor may inspect the Store from time to time to determine compliance with uniformity and quality control. Franchisor's personnel or designated agent(s) shall have the right to enter the Store at any reasonable time and from time to time for the purpose of examining, conferring with Franchisee or Franchisee's employees, inspecting the Store and testing the products and items sold in the Store, auditing, and all other purposes in connection with the determination that the Store is being operated in accordance with the terms of this Agreement, the Confidential Manual, and other applicable rules. Franchisee specifically authorizes Franchisor's personnel or representatives who are on the Store premises, to monitor the operation of the cash registers in the Store, for such periods as Franchisor may determine to be necessary. Franchisee agrees to remedy any defects, deficiencies, or unsatisfactory conditions discovered at the Store by Franchisor's personnel, no later than forty-eight (48) hours after being advised of same in writing.

VIII. SUPPLIERS

A. Products and Supplies

Franchisee shall cause the Store to conform to Franchisor's specifications and quality standards as specified in the Confidential Manual, and shall purchase only from distributors and suppliers approved by Franchisor (which may include Franchisor), all wine, wine products, accessories, cartons, bags, boxes, other containers, paper goods, packaging supplies, and other materials. In providing such distributors and suppliers, for the Store, Franchisor may consider such factors as quality of delivery service, inventory capability, financial condition, price and the reliability of the distributor or supplier. Franchisor may arrange for the concentration of purchases with one or more distributors or suppliers to obtain competitive prices and/or the best advertising support and/or services for any group of Stores franchised or operated by Franchisor or an affiliate. The selection of a distributor or supplier may be conditioned on requirements relating to the availability and frequency of delivery, standards of service, including prompt attention to complaints, and concentration of purchases, may be temporary, pending a further evaluation of the distributor or supplier by Franchisor, and may be changed from time to time. Franchisor reserves the right to develop proprietary items, and to designate itself as an approved supplier and to make a profit from the sale of such items to Franchisee. If Franchisor arranges for, or establishes, a cooperative buying program or otherwise negotiates group or volume purchasing arrangements, Franchisee may be required to participate, so as to maintain the high quality for the products associated with the System.

Franchisor may from time to time require Franchisee to discontinue the use or sale of any product or item, or disapprove a previously approved distributor or supplier which or who in Franchisor's opinion does not meet the standards of quality established by Franchisor.

B. New Suppliers

If Franchisee, during the term of this Agreement, desires to purchase any equipment or products for use in the Store from a supplier who has not been previously been granted permission to supply products or services by Franchisor, Franchisee may request in writing permission by Franchisor of such supplier. Franchisor shall consent to such proposed supplier if, in Franchisor's sole judgment, Franchisor is satisfied that the supplier can meet and maintain Franchisor's specifications, standards, and requirements. Franchisee, in making such request, shall furnish Franchisor, at Franchisee's cost, with adequate samples of the items for which approval is being requested, or if that is not feasible, then with copies of descriptions, specifications and pictures of such items. Franchisee shall not sell, dispense, or use any such items until such consent has been granted and notice thereof given to Franchisee in writing. Nothing contained herein shall be construed to require Franchisor to grant permission to an unreasonable number of suppliers for any particular item or service, which could interfere with the effective and economical supervision of suppliers, by Franchisor. Franchisor reserves the right, as a condition precedent to granting permission or rejecting any request for a new or additional supplier of any item or service, to charge such proposed supplier the reasonable cost and expenses incurred by Franchisor in evaluating, investigating and determining any such request. Nothing contained in this Agreement shall be construed as an attempt by Franchisor to limit the sources from which Franchisee may procure equipment, supplies, products, or other items.

Franchisor may require Franchisee to discontinue the use or sale of any product or item obtained from a supplier recommended initially by Franchisee which, in Franchisor's opinion, does not continue to conform to the image or quality standards of Franchisor and its products.

C. Trade Accounts

Franchisee agrees to maintain its trade accounts in a current status and to seek to resolve any disputes with trade suppliers promptly.

IX. INSURANCE

Throughout the term of this Agreement, Franchisee shall maintain in effect at all times, a policy or policies of insurance, with a Bests "A" rated insurance carrier, naming Franchisor as an additional insured on the face of each policy at Franchisee's sole cost and expense, such insurance as Franchisor requires from time to time including as follows:

A. Bodily Injury and Property Damage

Public liability in no less than \$1,000,000 combined single limits for bodily injury and property damage, which amounts may be changed from time to time upon receipt of written demand of Franchisor.

B. Workers' Compensation

Workers' compensation insurance as required by state law;

C. Auto Insurance

\$1,000,000 combined single limits for bodily injury and property damage, which amounts may be changed on written demand of Franchisor from time to time. If Franchisee desires to offer delivery service, Franchisee must first obtain Franchisor's written consent and obtain such additional insurance as is usual and customary for such activity and provide Franchisor with a copy of the policy evidencing such additional coverage.

D. Liquor Liability

Liquor Liability with such coverage limits and terms as Franchisor designates from time to time.

E. Risk Replacement Coverage

Fire, vandalism, theft, malicious mischief, sprinkler damage and the perils described in extended coverage insurance with primary and excess limits of at least the full replacement value of the supplies, furniture, fixtures, machinery, and inventory used in the Store.

F. Lease Controls

In the event of a conflict between the insurance coverages required hereunder and those required under a lease for the Franchise Location, Franchisee shall provide the more comprehensive of the coverages. Franchisee shall promptly notify Franchisor of any and all claims against Franchisee and/or Franchisor under said policies of insurance and shall deliver to Franchisor certificates evidencing that such insurance is in full force and effect within thirty (30) days after signing this Agreement and each year thereafter. Such insurance certificate(s) shall contain a statement that the policies shall not be canceled without thirty (30) day's prior written notice to Franchisee and to Franchisor.

X. INDEMNIFICATION

Franchisee agrees to defend at its own cost and to indemnify and hold harmless Franchisor, its shareholders, directors, officers, employees and agents, from and against any and all claims, losses, costs, expenses (including attorneys' fees at all levels), damages, and liabilities arising out of Franchisee's negligence, breach of contract, or other civil or criminal wrong, resulting directly or indirectly from or pertaining to the use, condition, construction, equipping, decorating, maintenance, or operation of the Store, including the preparation and sale of any product made in or sold from the Store. Such losses, claims, costs, expenses, damages, and liabilities shall include without limitation, those arising from latent or other defects in the Store, whether or not discoverable by Franchisee, and those arising from the death or injury to any person, or arising from damage to the property of Franchisee or Franchisor, their agents or employees, or any third person, firm, or corporation.

XI. COOPERATIVES

A. Franchisor shall have the right at any time, and from time to time, to create Co-op Advertising Regions ("Cooperatives"). If and when Franchisor creates a Cooperative for the geographic region in which the Store is located, Franchisee shall become a member thereof, and participate therein. The size and content of such regions, when and if established by the Franchisor, shall be binding upon Franchisee and all other franchisees similarly situated. At all meetings of such Cooperative, each participating franchisee shall be entitled to one (1) vote for each WineStyles Tasting Station® Store located within such Cooperative. At any time, upon reasonable notice, twenty percent (20%) of the eligible member votes, or the directors of the

Cooperative, may call a meeting of all members of a Cooperative. Except as provided in paragraph B below, all matters concerning operation of a Cooperative shall be decided by majority vote, provided that a quorum is present, and such vote shall bind all members of said Cooperative. For purposes hereof, a quorum shall consist of members entitled to cast at least 50% of the total number of votes in such Cooperative.

B. Each Cooperative shall be organized and governed in a form and manner, and shall commence operations on a date granted permission in advance by Franchisor, in writing. In addition to other requirements:

1) Each Cooperative shall be organized for the exclusive purposes of administering regional advertising programs and developing, subject to Franchisor's approval, standardized promotional materials for use by the members in local advertising.

2) No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without the prior consent of Franchisor.

C. Based on the decision of a majority of the votes represented by all of the members of the Cooperative, each member can be required to contribute to the Cooperative, up to, but not greater than, two percent (2%), of the Gross Sales of such member's Store. Such amount shall be in addition to the amount Franchisee must contribute to the Marketing Fund pursuant to paragraph XII.B.1. In the event of authorization of such Cooperative advertising contributions as previously mentioned, each franchisee, including Franchisor, shall submit its required contribution to the Cooperative as required, together with such statements as may be required by the Cooperative.

D. Franchisee's payment of any Cooperative obligation, in accordance with paragraph XI, shall be credited against Franchisee's local advertising requirement described in paragraph XII.C.

XII. FEES

In addition to all other payments provided for in this Agreement, Franchisee shall pay the following:

A. Royalty Fee

Franchisee shall pay weekly, to Franchisor, as a royalty (the "Royalty"), an amount equal to the greater of six percent (6%) of Franchisee's Gross Sales at the Franchise Location, or Two Hundred Forty Dollars (\$240) (the "Minimum Royalty"), for each week or partial week during the term of this Agreement. For the purposes of this Agreement, a week shall be Monday through Sunday. During the term hereof, Franchisee shall deliver to Franchisor a report of the Gross Sales of the Store for the prior week, no later than Monday of the following week and make payment of the Royalty on each Thursday of that week for the prior week. The report shall be on a form specified by Franchisor, which shall fully disclose all information requested. In addition, Franchisee shall supply, upon Franchisor's written request, documentation supporting the information disclosed on the reports.

B. Advertising, Marketing, and Promotion

1) Franchisor may establish and administer a marketing fund (the "Marketing Fund") for such marketing (including advertising, promotion, brand building, public relations and other marketing programs) as Franchisor may deem necessary or appropriate. Franchisor shall notify the Franchisee in writing that it has elected to commence operation of the Marketing Fund and Franchisee shall contribute to the Marketing Fund, beginning sixty (60) days after such notice, an amount equal to the greater of a maximum of three percent (3%) of the Gross Sales of the Store, or One Hundred Twenty Dollars (\$120) (the "Minimum Contribution"). Franchisee shall contribute to the Marketing Fund at the time it makes payment of the Royalty due under this Agreement. Stores owned by Franchisor and its affiliates may, but shall not be obligated to, contribute to the Marketing Fund on the same basis as Franchisee.

2) Except as otherwise provided below in subsection XII.B.3, Franchisor shall direct all marketing programs financed by the Marketing Fund. Franchisor shall have the right to control the

creative concepts, materials, and endorsements used therein, and the geographic market and media placement and allocation thereof. Franchisee agrees that the Marketing Fund may be used to pay the costs of conducting marketing surveys and research; employing public relations firms; preparing and producing video, audio, and printed marketing materials; administering multi-regional marketing programs, including, without limitation, purchasing television, radio, magazine, billboard, newspaper, and other media advertising, and employing advertising agencies to assist therewith; providing marketing materials to franchisees; and holding conventions and regional meetings for franchisees. The Marketing Fund shall furnish Franchisee with standard marketing materials on the same terms and conditions as Franchisor furnishes such materials to Franchisor's other franchisees.

3) The Marketing Fund shall be accounted for separately from the other funds of Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for salaries, administrative costs, and overhead that Franchisor may incur in activities related to the administration of the Marketing Fund and marketing programs financed through the Marketing Fund (including, without limitation, collecting and accounting for contributions to the Marketing Fund). The Franchisor shall be entitled to receive from the Marketing Fund reimbursement for its administrative expenses in supervising the Fund. Currently, the amount of this reimbursement equals 30% of the annual aggregate marketing and promotional fees collected by the Marketing Fund, plus the actual cost paid to third parties in creating and placing the advertising. The amount of such reimbursement may change at any time based on Franchisor's assessment of its costs of supervising and administering the Marketing Fund. The Marketing Fund is not a trust or escrow account, and Franchisor has no fiduciary obligations with respect to the Marketing Fund or the monies collected.

4) Franchisor may spend in any fiscal year an amount greater or less than the aggregate contributions of Stores to the Marketing Fund in that year and the Marketing Fund may borrow from Franchisor or others to cover temporary deficits in the Marketing Funds or cause the Marketing Fund to invest any surplus for future use by the Marketing Fund. Franchisee authorizes Franchisor to collect any advertising monies or credits due from any distributor or other supplier to Franchisee and any advertising or other rebates or any discounts from distributors and other suppliers based upon purchases or volume purchases by Franchisor and its franchisees (including purchases by Franchisee). Franchisor shall have the right to negotiate with suppliers from time to time to obtain on Franchisor's and/or Franchisee's behalf price reductions, discounts, or rebates based on volume purchases. Unless such suppliers designate such payments as being for advertising and promotion (in which event, Franchisor shall contribute same to the Marketing Fund), Franchisor may use such payments for any purposes Franchisor deems appropriate. Any such contributions shall be in addition to all other amounts due or contributed under this Agreement. All interest earned on monies contributed to the Marketing Fund will be used to pay marketing costs of the Marketing Fund before other assets of the Marketing Fund are expended. A statement of monies collected and expenditures made by the Marketing Fund shall be prepared annually by Franchisor and shall be provided to Franchisee upon written request. Franchisor may terminate or suspend the Marketing Fund at any time upon reasonable written notice. In such event, all funds remaining in the Marketing Fund may only be used for advertising and promotional purposes until fully expended.

5) Franchisee understands and acknowledges that the Marketing Fund is intended to be used to develop general public recognition of the trademark, service marks, trade names, and logos and increase patronage of WineStyles Tasting Station® Stores in general. Franchisor undertakes no obligation to ensure that expenditures by the Marketing Fund in, or affecting any geographic area, are proportionate or equivalent to contributions to the Marketing Fund by Stores operating in any geographic area or that any Store will benefit directly or in proportion to its contribution to the Marketing Fund, from the conduct of marketing programs or the placement of advertising. The Marketing Fund is not a Trust Fund and does not maintain separate accounts for franchisees. Franchisor owes Franchisee no fiduciary duties or other duties to you relating to the Marketing Fund. Except as expressly provided in this paragraph, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction, or administration of the Marketing Fund.

6) Franchisor may establish a Marketing Fund Advisory Committee consisting of franchisees of Franchisor, to advise and consult with Franchisor in connection with establishment, modification, continuance, or other decisions or considerations affecting marketing programs. Franchisor will determine the organizational structure and manner of operation of such Committee. Franchisor shall consult

with such Committee and consider such Committee's input and advice concerning the use of the Marketing Fund. However, as described in subsections 1 and 2, Franchisor has the right to control all aspects, including but not limited to administration and use, of the Marketing Fund.

C. Local Advertising Requirements

In all events and in addition, to the Marketing Fund fee required to be paid by Franchisee pursuant to paragraph XII.B above, Franchisee shall be required to spend monthly on local advertising, two percent (2%) of Gross Sales. Local advertising must be in effect within thirty (30) days after the opening of the Store, and Franchisee is to substantiate local advertising expenditures to Franchisor, by supplying such information as Franchisor may require from time to time, including but not limited to, tear sheets, paid advertising invoices, and like documentation.

Prior to their use by Franchisee, samples of all marketing materials and descriptions of local promotion programs that Franchisee proposes to use, not prepared or previously permitted by Franchisor, shall be submitted to Franchisor for authorization. If written rejection is not received by Franchisee within fifteen (15) days from the date of receipt by Franchisor of such materials or descriptions, Franchisor shall be deemed to have given the required consent. Franchisee shall not use any marketing materials that Franchisor has disapproved.

Franchisee shall also be responsible for any lease obligations which require contributions(s) to a marketing fund, advertising fund, or any fund of a similar nature or other forms of advertising expense and any such contributions or expenditures made by Franchisee to satisfy such lease obligations shall only reduce Franchisee's obligation to engage in local advertising.

D. Gift Cards and Other Promotions

Franchisee must conduct such promotions and special events, offer such promotional items and accept such coupons, loyalty, stored value, and gift cards as Franchisor designates from time to time. Franchisor has the right to control and administer funds received from the sale of gift cards or similar cards. Franchisor is not required to maintain a separate account for such funds. Such funds are not held in trust and Franchisor does not owe any fiduciary duty or other obligation to Franchisee relating to such funds or the administration of any gift card program.

E. Grand Opening Marketing

Upon signing this Agreement, Franchisee shall deposit with Franchisor Seven Thousand Five Hundred Dollars (\$7,500) which is the minimum amount Franchisee is required to spend on approved Grand Opening Marketing before Franchisee opens the Store for business. Depending upon the Franchisee's primary marketing territory, Franchisee may be required to spend up to a maximum of Fifteen Thousand Dollars (\$15,000) on Grand Opening Marketing. No interest shall be accrued or paid on this deposit. Franchisee shall submit all Grand Opening materials to Franchisor for approval at least thirty (30) days before scheduled Grand Opening activities. Franchisee shall provide such verification (receipts, etc.) as Franchisor requires to substantiate the Grand Opening expenditures. Funds will be released to Franchisee on a 50/50 basis to match Franchisee's Grand Opening expenditures. One week before the Grand Opening activities, Franchisor shall review all of Franchisee's Grand Opening expenditures and provided that the minimum amount has been spent, the balance of the \$7,500 deposit will be returned to Franchisee.

XIII. GROSS SALES, PAYMENTS, FALSE STATEMENTS AND TAXES

A. Definition

The term "Gross Sales" is defined to include the total revenues derived by Franchisee from all sales of every kind (both retail and wholesale, if permitted) of wine and beer, tobacco products, food items, accessories, goods, wares, merchandise, E-commerce, events and all services made in, upon, or from the Store or otherwise arising from the Franchisee's WineStyles Tasting Station® Business (including all revenue from off-premises sales such as entry fees and cover charges), whether for cash, check, credit, or otherwise, without reserve or deduction for inability or failure to collect same, including, without limitation, such sales and services where the orders therefore originated at and are accepted by Franchisee in the Store, but delivery or performance thereof

is made from or at any other place or other similar orders received or billed at or from the Store. Gross Sales do not include bona fide refunds to customers or the amount of any sales taxes or other similar taxes that Franchisee might be required to and does collect from customers to be paid to any federal, state, or local taxing authority.

B. Franchisee must participate in Franchisor's electronic funds transfer program, which authorizes Franchisor to utilize a pre-authorized bank draft system. Franchisee must sign and deliver to Franchisor an unconditional, irrevocable authorization to enable Franchisor's financial institution to debit bank accounts at Franchisee's bank in order to pay Franchisor any Royalties, Marketing Fund contributions, and other amounts that Franchisee may owe Franchisor under this Agreement or any other agreement between Franchisee and Franchisor. All Royalties, Marketing Fund contributions, and other amounts due Franchisor must be received by Franchisor or credited to Franchisor's account by pre-authorized bank debit before 5:00 p.m. on the day each such payment is due.

C. Late Payment

If Franchisee shall be delinquent in the payment of any obligation to Franchisor hereunder, or under any other agreement with Franchisor, Franchisor shall have the absolute right to apply any payments received from Franchisee to any obligation owed, whether under this Agreement or otherwise, notwithstanding any contrary designation by Franchisee as to application. To encourage prompt payment and to cover the costs and expenses involved in handling and processing late payments, Franchisee shall pay a late payment charge of the greater of Ten Dollars (\$10.00) or five percent (5%) of any amount due from Franchisee to Franchisor hereunder. In addition, Franchisee shall pay, at the rate of eighteen percent (18%) per annum, interest on all payments due to Franchisor hereunder during the period for which such payments are overdue, but in the event the rate charged is more than the highest rate permitted by law, then the rate charged shall be reduced to the maximum rate permitted by law.

Any payment not actually received by Franchisor on or before the date due pursuant to this Agreement shall be deemed overdue, unless, in the opinion of Franchisor, the delay was beyond the reasonable control of Franchisee. Notwithstanding the foregoing, each failure to pay the Royalty, the Marketing Fund contribution and other payments owed to Franchisor when due, will constitute a breach of this Agreement, entitling

Franchisor to pursue all remedies available to it under this Agreement and all other remedies available at law and in equity.

D. Security Agreement

In order to secure the prompt performance by Franchisee of the obligations of this Agreement, Franchisee grants Franchisor a security interest in the franchise granted hereby and the inventory, equipment, fixtures and improvements at the Store. Franchisee shall execute Franchisor's standard Security Agreement attached hereto as Exhibit 4-U. In order to perfect this security interest, Franchisee shall also execute a standard UCC-1 Financing Statement. Franchisee authorizes Franchisor:

- 1) To file a copy of the Security Agreement, the UCC-1 Financing Statement and any other documents that may be necessary to perfect the security interest granted herein; and
- 2) To sign on behalf of Franchisee and to file in any jurisdiction, with or without signature of Franchisee, financing statements with respect to this security interest and Security Agreement.

E. False Statements

Any intentionally false statements in any reports provided to Franchisor shall be grounds for Franchisor to terminate this Agreement.

F. Taxes

Franchisee must promptly pay to Franchisor any amount equal to all taxes levied or assessed,

include, but not limited to, unemployment taxes, sales taxes, use taxes, withholding taxes, excise taxes, personal property taxes, intangible property taxes, gross receipts taxes, taxes on Royalties, or any similar taxes or levies imposed upon or required to be collected or paid by Franchisor by reason of the furnishing of products, intangible property (including trademarks or trade names) or services by Franchisor to Franchisee through the sale, license or lease of property or property rights provided by this Agreement.

XIV. REPORTING, RECORD KEEPING AND ACCOUNTING

A. Reports

Franchisee shall record all sales and receipts of revenue and report same to Franchisor. Franchisor's standardized reporting forms must be used by Franchisee. This uniform system may be amended or supplemented from time to time by Franchisor and includes, without limitation, Royalty statements. Franchisee shall be solely responsible for performing all record keeping duties, and the cost for same shall be borne solely by Franchisee.

B. Records and Audits

Franchisee shall maintain and preserve accurate books, records (including corporate minute book), and tax returns, including related supporting material, such as cash register tapes for the Store, for at least three (3) years, following the end of the calendar year to which they relate. Such books, records, tax returns, and supporting material shall be available for inspection, examination, or audit, including an audit by a certified public accountant, at any time, at Franchisor's request. Such examination or audit shall be at Franchisor's expense, unless it is disclosed that any statement of Gross Sales submitted by Franchisee is in error to the extent of two percent (2%) or more, in which case, such expense shall be borne by Franchisee. Franchisee shall also immediately pay Franchisor any deficiency in Royalty or Marketing Fund Contributions as disclosed by such audit or examination, together with interest at the maximum rate specified by law, or in the absence of a maximum rate specified by law, eighteen percent (18%).

C. Financial Statements and Tax Returns

Within twenty (20) days after the close of each calendar month, Franchisee shall deliver to Franchisor a complete and accurate profit and loss statement and a balance sheet for the preceding month, along with a monthly royalty statement and any other sales data as requested by Franchisor, on a form or forms specified by Franchisor, which may include sales tax returns filed with the appropriate governmental agency.

In addition, on or before the expiration of sixty (60) days after the close of Franchisee's fiscal year, for each year during the initial term and any renewal term of this Agreement, Franchisee shall deliver to Franchisor, a balance sheet and statement of profit and loss, reflecting the financial condition of the Store at the end of such fiscal year. Such statements and balance sheets shall be in the form specified by Franchisor and shall be accompanied by a letter stating that they have been reviewed by a Certified Public Accountant.

Franchisee shall submit to Franchisor copies of Franchisee's federal, state, and city, if any, income tax and sales tax returns, within ten (10) days after their respective filing, during the initial term and any renewal.

XV. TRANSFER

A. Assignment by Franchisor

Franchisor shall have the right to assign this Agreement, and all of its rights and privileges hereunder to any other person, firm or corporation without Franchisee's prior consent; provided that, in respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall expressly assume and agree to perform such obligations.

B. Assignment by Franchisee

This Agreement has been entered into by Franchisor in reliance upon and in consideration of the

singular personal skill, qualifications and trust and confidence reposed in Franchisee. Therefore, neither Franchisee's interest in this Agreement nor any of Franchisee's rights or privileges nor any interest in the Store shall be assigned, transferred, shared or divided, voluntarily or involuntarily, by operation of law or otherwise, directly or indirectly, in any manner, without the prior written consent of Franchisor and subject to Franchisor's right of first refusal as provided for in Section D. of this Article XV. Notwithstanding anything herein to the contrary, in the event of the death or legal incapacity of Franchisee or, in the case of a franchisee that is a business organization (as defined in Section XV.E, an owner of twenty percent (20%) or more of the ownership interest, the transfer of Franchisee's interest in this Agreement or such owner's interest, to his or her heirs, personal representatives or conservators, as applicable, shall require Franchisor's written consent, but shall not give rise to Franchisor's right of first refusal hereunder (as set forth in Section D., hereafter), although such right of first refusal shall apply as to any proposed transfer or assignment by such heirs, personal representatives or conservators.

1) If Franchisor elects not to exercise its right of first refusal, or if such right of first refusal is inapplicable, as herein provided, Franchisor may impose any reasonable condition(s) to the granting of its consent. Without limiting the generality of the foregoing, the imposition of any or all of the following conditions to Franchisor's consent to any such assignment shall be deemed reasonable:

a) that the assignee (or the principal officers, shareholders, directors, partners, members or managers of the assignee in the case of a corporate, partnership, or limited liability company assignee) demonstrate that he has the skills, qualifications and economic resources necessary, in Franchisor's judgment, reasonably exercised, to own and operate the Store;

b) that Franchisee submit current, accurate financial statements, including a balance sheet and income statement (where relevant under the circumstances), relating to the financial condition of the proposed assignee, prepared in accordance with generally acceptable accounting, principals (and by a Certified Public Accountant if certified financial statements are available), federal and state tax returns for the two (2) immediately preceding years, together with any other documents that are required to enable Franchisor to determine the character, credit worthiness, business experience, professional credentials, ethical background, fitness and suitability of the proposed assignee;

c) that the proposed assignee must meet Franchisor's standards for prospective franchisees;

d) that Franchisee must furnish Franchisor with copies of all proposed sale or transfer documents before such documents are executed, and Franchisor determines that the price and terms of payment will not adversely affect the proposed assignee's ability to operate the franchised business;

e) that if assignee finances any part of the sale price of the transferred interest, Franchisee must agree that all of the assignee's obligations under any promissory notes, agreements or security interests, that Franchisee has reserved in the franchise, are subordinate to the assignee's obligation to pay all financial obligations to Franchisor as set forth in the franchise agreement to be executed by assignee;

f) that the assignee shall have completed at assignee's cost and expense, Franchisor's training program to Franchisor's satisfaction, exercised in good faith;

g) that as of the date of any such assignment, the Franchisee shall have complied with all material obligations to Franchisor, whether under this Agreement or any other agreement, arrangement or understanding with Franchisor;

h) that unless Franchisor agrees otherwise in writing, the assignee shall execute Franchisor's franchise agreement then being offered to prospective franchisees (except that the assignee shall not be obligated to pay the Initial Franchise Fee and the term thereof shall expire on the stated expiration date of this Agreement);

i) that Franchisee shall have expressly agreed in writing to comply with the

non-competition covenants set forth in Article XVII hereof and with all other post-termination obligations contained herein;

j) a transfer fee in the amount of Five Thousand Dollars (\$5,000.00), which is intended to cover Franchisor's costs and expenses associated with the transfer; and

k) the transferee deposits Seven Thousand Five Hundred Dollars (\$7,500) with Franchisor for initial advertising and promotion.

2) If Franchisee is a business organization, the death or legal incapacity of any owner owning twenty percent (20%) or more of the ownership interests of Franchisee, the issuance of any securities by Franchisee, the transfer of twenty percent (20%) or more in the aggregate of the ownership interests in Franchisee, by operation of law or otherwise, or any merger, share redemption, consolidation, reorganization or recapitalization involving Franchisee, shall be deemed to be an assignment of this Agreement within the meaning of this Article XV. If Franchisee is a partnership, the legal incapacity, death, or withdrawal of any general partner, admission of any additional general partner, or the transfer of any general partner's interest in the property, management or profits and/or losses of the partnership shall be deemed to be an assignment hereunder.

C. Financial and Other Information

Franchisor shall have the right, but not the obligation, to furnish any prospective assignee with copies of all financial statements which have been furnished by Franchisee to Franchisor in accordance with this Agreement during the one (1) year period prior to the date the consent of the proposed assignment, transfer or sale is sought. Franchisor shall also have the right to advise any prospective assignee of any uncured breaches or defaults by Franchisee under this Agreement, or any other agreement proposed to be assigned, transferred, or sold. Franchisor's consent of such proposed transaction shall not, however, be deemed a representation or guarantee by Franchisor that the terms and conditions of the proposed transaction are economically sound or that, if the transaction is consummated, the assignee will be capable of successfully operating the Store and no inference to such effect shall be made from such approval. Franchisor's option to furnish any prospective assignee with copies of financial statements furnished by Franchisee to Franchisor shall not be deemed a representation that such statements are complete, accurate or true.

D. Right of First Refusal

Except as expressly provided in paragraph XV.B.1), to the contrary, any assignment of this Agreement, or any interest herein, shall be subject to Franchisor's right of first refusal with respect thereto. Franchisor's said right of first refusal shall be exercised in the following manner:

1) Franchisee shall serve upon Franchisor a written notice clearly and unambiguously setting forth all of the terms and conditions of the proposed assignment and all available information concerning the proposed assignee, including but not limited to, information concerning the employment history, financial condition, credit history, skill and qualifications of the proposed assignee and, in the case of a partnership, corporate, or limited liability company, assignee, of its partners, shareholders and members, as applicable.

2) Within thirty (30) days after Franchisor's receipt of such notice (or if Franchisor shall request additional information, within thirty (30) days after receipt of such additional information), Franchisor may either consent or withhold its consent to such assignment, in accordance with paragraph XV.B.1), or at its option, accept the assignment to itself or to its nominee upon the terms and conditions specified in the notice. Franchisor may substitute an equivalent sum of cash for any consideration other than cash specified in said notice. If Franchisor fails to exercise any of its rights or options, then consent to the proposed assignment shall be deemed withheld.

3) If Franchisor shall elect not to exercise its said right of first refusal and shall consent to such assignment, Franchisee shall, subject to the provisions of paragraph XV.B.1), of this Article XV, consummate the transaction with the proposed assignee on the terms and conditions specified in said

notice. If, however, Franchisor elects not to exercise its right of first refusal and the terms shall be materially changed, or if more than thirty (30) days shall pass without the transaction being consummated, such changed terms or lapse of time shall be deemed a new proposal and Franchisor shall again have such right of first refusal with respect thereto.

E. Business Organization

1) Franchisee shall not become a business organization without the prior written consent of Franchisor, which consent shall not be unreasonably withheld. If Franchisee (at any time) is or becomes a business organization (a corporation, limited liability company, partnership or similar entity), Franchisee and the business organization (which shall become the Franchisee), shall execute Franchisor's form Assignment of Franchise Agreement (Exhibit 5-U hereto) and agree and represent that:

a) Franchisee has the authority to execute, deliver and perform Franchisee's obligations under this Agreement and is duly organized or formed and validly existing in good standing under the laws of the state of Franchisee's incorporation or formation;

b) Franchisee's organizational or governing documents do/will recite that the issuance and transfer of any ownership interests are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests will bear a legend referring to the restrictions of this Agreement;

c) Exhibit 6-U, to this Agreement will completely and accurately describe all the owners and their interests in Franchisee;

d) Franchisee and Franchisee's owners shall revise Exhibit 6-U, as may be necessary to reflect any ownership changes and to furnish such other information about Franchisee's organization or formation as Franchisor may request;

e) each of Franchisee's owners and their spouses if any, at any time during the term of this Agreement, will sign and deliver to Franchisor, Franchisor's form Guaranty and Assumption of Obligations (Exhibit 7-U), undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between Franchisor and Franchisee; and

f) at Franchisor's request, Franchisee will furnish true and correct copies of all documents and contracts governing the rights, obligations, and powers of Franchisee's owners and agents (such as, articles of incorporation or organization and partnership, operating or shareholder agreements or similar documents).

2) The legal name of the business organization shall not contain, consist of or include any of the Proprietary Marks.

3) Subject to the provisions of paragraph XV.B.1, if Franchisee becomes a business organization, any merger thereof or sale or transfer of stock of any class in a corporate Franchisee, or ownership interests in a limited liability company Franchisee, whether by operation of law or otherwise, or the sale or transfer of any general partner's interest or the sale or series of sales or transfers of limited partnership interests (including transfers of shares in corporate partners) in a partnership Franchisee whether by operation of law or otherwise, or the disposition in any manner of the ownership interests in any other business organization Franchisee, whether by operation of law or otherwise, or a transfer of substantially all of the assets of the Store, shall be deemed an attempted assignment of this Agreement, requiring the prior written consent of Franchisor.

In addition, future transfers of ownership interests in such business organizations will be subject to all the provisions of this Article XV.

F. No Representation or Guarantee.

Franchisor's consent to a transfer of this Agreement, the Store, or any ownership interest in any corporation or limited liability company controlled by Franchisee, does not constitute a representation as to the fairness of the terms of any contract between Franchisee and any assignee, nor does Franchisor's consent constitute a guarantee of the successful operation of the Store by the assignee or a waiver of any claims Franchisor has against Franchisee.

G. Offerings by the Franchisee

Securities or partnership interests (hereinafter "securities") in the Franchisee may be offered to the public, by public or private offering or otherwise, only with the prior written consent of Franchisor, which consent shall not be unreasonably withheld. All materials required for such offering by federal or state law shall be submitted to Franchisor for review prior to their being filed with any government agency, or if they are to be used in any exempt offering, shall be submitted to Franchisor for review prior to their use. No offering by Franchisee shall imply (by use of the Proprietary Marks or otherwise) that Franchisor is participating in an underwriting, issuance, or offering of the Franchisee's securities. The Franchisee must fully indemnify Franchisor in connection with the offering and must require other participants in the offering to also indemnify fully Franchisor. For each proposed offering, the Franchisee shall pay to Franchisor a non-refundable minimum fee of Two Thousand Dollars (\$2,000) or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. The Franchisee shall give Franchisor at least sixty (60) days written notice prior to the effective date of any offering or other transaction covered herein.

H. Death or Permanent Disability.

If Franchisee is an individual, upon Franchisee's death or permanent disability or, if Franchisee is a Business Organization, upon the death or permanent disability of an individual owning a twenty percent (20%) or more of the ownership interest, the executor, administrator, conservator or other personal representative shall transfer the interest in this Agreement or the ownership interest within a reasonable time, not to exceed 9 months from the date of death or permanent disability, to a third party approved by Franchisor. An assignment under this Section, including, without limitation, transfer by devise or inheritance, will be subject to all of the terms and conditions contained in Article XV of this Agreement, and unless transferred by gift, devise or inheritance, subject to Franchisor's right of first refusal. Failure to dispose of such interest within the specified period of time will constitute a breach of this Agreement. For purposes of this Agreement, the term "permanent disability" will mean a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent Franchisee or an owner of twenty percent (20)% or more of the ownership interest in a Business Organization from supervising the operation of the Franchised Business for a period of 6 months from the onset of such disability, impairment or condition.

I. No Encumbrance

Franchisee shall not in any event have the right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever.

XVI. PROPRIETARY RIGHTS, BUSINESS RECORDS AND CONFIDENTIALITY

A. Proprietary Rights and Confidentiality

Nothing contained in this Agreement shall be construed to require Franchisor to divulge to Franchisee any confidential or proprietary information, except for the material contained in the Confidential Manual and training materials. Franchisee acknowledges that knowledge of Franchisor's marketing methods, product analysis and selection, merchandising methods, skills relating to the development and operation of WineStyles Tasting Station® Stores, know-how, customer lists, techniques, information, trade practices, customer lists or databases and other proprietary data is derived entirely from information disclosed to Franchisee by Franchisor and that such information is proprietary, confidential, and trade secrets of Franchisor (the "Confidential Information"). Franchisee agrees to adhere fully and strictly to all confidentiality attached to such

information and to exercise the highest degree of diligence in safeguarding Confidential Information during and after the term of this Agreement. Franchisee shall divulge such material only to employees and only to the extent necessary to permit the effective operation of the Store. It is expressly agreed that the ownership of all of the Confidential Information is and shall remain vested solely in Franchisor. Franchisee expressly acknowledges and agrees that all customer lists are the proprietary property of Franchisor.

Franchisee acknowledges and agrees that Franchisor owns all business records ("Business Records") with respect to customers and other service professionals of, and/or related to, the Store including, without limitation, all databases (whether in print, electronic or other form), including all names, addresses, telephone numbers, e-mail addresses, customer purchase records, and all other records contained in the database, and all other Business Records created and maintained by Franchisee. Franchisee further acknowledges and agrees that, at all times during and after the termination, expiration or cancellation of this Agreement, Franchisor may access such Business Records, and may utilize, transfer, or analyze such Business Records as Franchisor determines to be in the best interest of the System.

Franchisee further agrees that Franchisee:

- 1) will not use the Confidential Information in any other business or capacity;
- 2) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;
- 3) will not make unauthorized copies of any portion of the Confidential Information disclosed in any form including, but not limited to: electronic media, written form, or other tangible forms; and
- 4) will adopt and implement all reasonable procedures prescribed by Franchisor, from time to time, to prevent unauthorized use and/or disclosure of the Confidential Information, including restrictions on disclosure to the employees and the use of nondisclosure and non-competition agreements that the Franchisor may prescribe for persons having access to Confidential Information.

However, disclosure of the Confidential Information may be made in judicial or administrative proceedings, but when and only to the extent Franchisee is legally compelled to disclose same, provided that Franchisee first gives Franchisor the opportunity to obtain an appropriate protective order or other assurance that the confidential nature of the material to be disclosed will be maintained.

Franchisee further agrees that if, in the course of the operation of the Store, Franchisee and Franchisee's employees or associates develop ideas, concepts, methods, techniques or improvements ("improvements"), Franchisee agrees to disclose it to Franchisor. The Franchisor will be deemed to own the improvements and may use them and authorize other franchisees to use them in the operation of their businesses. Improvements will also constitute Confidential Information.

XVII. NON-COMPETITION

A. Operating Outside of Franchise Location

During the term of this Agreement, Franchisee shall not directly or indirectly, sell, dispense, give away, or otherwise provide its product offerings for sale outside the physical confines of the Franchise Location (except for delivery transactions), without Franchisor's prior written consent. If Franchisor gives such consent, all such sales shall be included in Gross Sales for all purposes as set forth in this Agreement.

B. Restrictive Covenants

1) In-Term:

Franchisee agrees that during the Term of this Agreement, Franchisee will not, directly or indirectly, as a proprietor, partner, investor, lender, shareholder, director, officer, member, manager, employee, principal, agent, representative, advisor, Franchisor, franchisee, consultant or otherwise engage in any Competitive

Business.

2) Post-Term:

Franchisee agrees that for a period of two (2) years immediately following the expiration, non-renewal or termination of this Agreement, Franchisee will not, directly or indirectly, as a proprietor, partner, investor, lender, shareholder, director, officer, member, manager, employee, principal, agent, representative, advisor, franchisor, franchisee, consultant, or otherwise engage in any Competitive Business located within thirty (30) miles of the Franchise Location or ten (10) miles of any WineStyles Tasting Station® Store.

3) Exception:

Nothing in this Agreement shall prevent Franchisee or its shareholders, directors, officers (if a corporation), partner (if a partnership), members and managers (if a limited liability company), or employees from owning for investment purpose up to an aggregate of two (2%) of the capital stock of any competitive business that is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, or through the National Association of Securities Dealers Automated Quotation System (NASDAQ), provided that Franchisee does not control any such company.

Other Restrictions: The foregoing prohibition shall also preclude Franchisee, directly or indirectly from:

a) knowingly engaging in any activity to solicit, encourage, or induce any customer doing business with any other franchisee (wherever located) to commence doing business with Franchisee, except with Franchisor's prior written consent; and/or

b) directly or indirectly, on behalf of Franchisee or any other person or entity, or as an employee, proprietor, owner, consultant, agent, contractor, employer, affiliate, partner, officer, director, manager or associate, stockholder or member of any other person or entity, or in any other capacity, solicit, divert, take away, or interfere with any of the business, guests, clients, contractors, trade or patronage of Franchisor, or Franchisor's affiliates, as same may exist during the term of this Agreement, except with prior written consent.

For purposes of the foregoing:

c) "Competitive Business": means the operation of a store, or any other business, that provides the same or similar products and services customarily featured under the Proprietary Marks.

d) "Directly or indirectly": includes, but is not limited to, all persons (natural or otherwise) under Franchisee's control, and a person's spouse, children, parents, brothers, sisters, any other relative, friends, trustees, agents or associates.

4) Independent Covenants

The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. The parties further agree that the foregoing restrictions limit Franchisee's right to compete only to the extent necessary to protect Franchisor from unfair competition. Should any part of one or more of these restrictions be found to be unenforceable by virtue of its scope in terms of area, business activity prohibited or length of time, and should such part be capable of being made enforceable by reduction of any or all thereof, Franchisee and Franchisor agree that the same shall be enforced to the fullest extent permissible under the law. In addition, Franchisor may, unilaterally, at any time, revise any of the covenants in paragraph B, so as to reduce the obligations of Franchisee hereunder. The running of any period of time specified in paragraph B shall be tolled and suspended for any period of time in which a court of competent jurisdiction or an arbitrator to have been in violation of any restrictive covenants finds Franchisee. Franchisee further expressly agrees that the existence of any claim it may have against Franchisor whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Paragraph.

5) Enforcement of Covenants Not to Compete

Franchisee acknowledges that a violation of the terms of the covenants not to compete in this Agreement would result in immediate or irreparable injury to Franchisor for which no adequate remedy at law may be available. Accordingly, Franchisee hereby consents to the entry of an injunction prohibiting any conduct by Franchisee in violation of the terms of the covenants not to compete set forth in this Paragraph XVII. Franchisee further agrees to pay all costs and expenses (including reasonable attorney's fees at all levels) incurred by Franchisor in connection with the enforcement of the covenants not to compete set forth in this Paragraph.

6) Separate Agreement

If applicable to Franchisee's form of organization, all partners, shareholders, members, officers, directors, managers and key management personnel (regardless of title, the "Covenantors"), except for the individual Franchisee and spouse signing this Agreement, shall execute Franchisor's standard form Confidentiality, Non-Disclosure and Non-Competition Agreement (Exhibit 8-U).

C. Non-Disclosure

At no time during or after the term of this Agreement, shall the Covenantors disclose any Confidential Information of Franchisor, including, without limitation, the contents of the Confidential Manuals, other manuals, or training materials, except as provided herein.

XVIII. RELATIONSHIP OF THE PARTIES

In all matters pertaining to the operation of the Store, Franchisee is and shall be an independent contractor. Franchisee shall conspicuously identify Franchisee in all dealings with customers, suppliers, public officials, and others as the owner of the Store, pursuant a franchise with Franchisor and shall place such other notices of independent ownership on such forms, business cards, stationery, menus, advertising, and other materials as Franchisor may require from time to time. No employee of Franchisee shall be deemed to be an employee of Franchisor. Nothing herein contained shall be construed to create a partnership, joint venture, or agency between Franchisee and Franchisor. Neither party here shall be liable for the debts or obligations of the other, unless same are expressly assumed in writing.

XIX. DEFAULT AND TERMINATION

The occurrences of any of the following events shall constitute a default by Franchisee under this Agreement:

A. Acts of Immediate Termination

If during any period, in which the franchise is in effect, there occurs any of the following events, immediate notice of termination, without an opportunity to cure, shall be deemed reasonable:

1) Bankruptcy and Insolvency

If Franchisee, becomes insolvent or commits an act of bankruptcy, or makes a general assignment for the benefit of creditors or to an agent authorized to liquidate Franchisee's property or assets, or becomes involuntarily a bankrupt, or voluntarily files a petition in bankruptcy or reorganization, or effects a plan or other arrangement with creditors, or files an answer to the creditors' petitions filed against Franchisee (admitting the material allegations thereof) for an adjudication or for reorganization, or effects a plan or other arrangement with creditors, or applies for or suffers the appointment of a receiver or trustee of any of Franchisee's assets or property, or such receiver or trustee is appointed for any of Franchisee's property or assets.

2) Failure to Operate - Abandonment

Franchisee abandons the franchise by failing to operate the franchise business for five (5) consecutive days during which Franchisee is required to operate the franchise business under the terms of this Agreement,

or any shorter period, after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to continue to operate the franchise, unless such failure to operate is due to fire, flood, earthquake, or other similar cause beyond Franchisee's control.

3) Misrepresentation

Franchisee makes any material misrepresentations relating to the acquisition of the franchise business, or Franchisee engages in conduct that reflects materially and unfavorably upon the operation and reputation of the franchise business or the WineStyles Tasting Station® System or Franchisor.

4) Foreclosure

The franchise business or Franchise Location is seized, taken over, or foreclosed by a government official in the exercise of his duties, or seized, taken over, or foreclosed by a creditor, lien holder, or lessor; or a final judgment against Franchisee remains unsatisfied for thirty (30) days (unless a supersedes or other appeal bond has been filed); or a levy or execution has been made upon the license granted by this Agreement or upon any property used in the franchise business, and same is not discharged within five (5) days of such levy or execution.

5) Criminal Misconduct

Franchisee, or a controlling shareholder or officer, if Franchisee is a corporation, or a partner, if Franchisee is a partnership, is convicted of a felony or any other criminal misconduct, which is relevant to the operation of the franchise.

6) Repeated Failures to Comply

If Franchisee, on three (3) occasions during any twelve (12) month period, commits the same or similar defaults or violations of this Agreement, whether or not corrected after notice from Franchisor to Franchisee.

B. Acts Requiring Period to Cure before Termination

In the event Franchisee is in default in the performance of any of the terms of this Agreement (other than those calling for immediate termination set forth above), including, but not limited to, the acts set forth hereinafter, Franchisor, in addition to all remedies that Franchisor has available to it at law or in equity, may declare this Agreement automatically terminated, unless such default is cured within thirty (30) days (or a lesser stated period) after written notice thereof from the Franchisor to the Franchisee, unless the default is of such a nature that more than thirty (30) days are reasonably required to effect a cure. In such event, Franchisee shall commence to cure the default within said thirty (30) day period and shall proceed with due diligence within the period, if any, designated by Franchisor as the allowable additional time within which the cure must be accomplished. Subject to the previously mentioned right to cure, Franchisor may terminate this Agreement under the following circumstances and conditions:

1) Other Agreements

Default under any other agreement between Franchisee and Franchisor or under the lease for the Franchise Location, which default is not cured within the period required in said agreement(s).

2) Transfer without Prior Consent

Any attempted assignment, transfer, or sublicense of this franchise, or any right under this Agreement, without the prior written consent of Franchisor.

3) Loss of Franchise Location

If during the term of this Agreement, or any extension or renewal thereof, the right to occupy the Franchise Location is lost and a new location, satisfactory to Franchisor and Franchisee, is not leased within

one hundred twenty (120) days of the termination of the right to occupy the Franchise Location.

4) Failure to Operate

Failure to operate the Store during such days and hours as may be specified in accordance with this Agreement.

5) Failure to Pay Obligations to Third Parties

Failure of Franchisee to make timely payments upon any obligation of Franchisee to persons other than Franchisor.

6) Failure to Comply

Failure to comply with other terms, covenants, obligations, or conditions, of this Agreement, whether or not such other terms specifically provide for termination for non-compliance.

7) Failure to Open

Failure to secure a site for the Store within ninety (90) days after the execution of this Agreement, sign a lease for the Site for the Store acceptable to Franchisor within one hundred twenty (120) days after the execution of this Agreement, and to open the Store for business within one hundred eighty (180) days after the execution of this Agreement.

8) Failure to Pay Obligations to Franchisor

Franchisee fails to pay any amounts due to Franchisor or an affiliate of Franchisor within five (5) days after receiving written notice that such fees are overdue.

9) Failure to Comply with Governmental Regulation

Franchisee fails, for a period of ten (10) days after notification of non-compliance, to comply with any federal, state, or local law, rule, or regulation applicable to the operation of the franchise.

10) Danger to Public Health

Franchisor makes a reasonable determination that continued operation of the Store by Franchisee will result in an imminent danger to public health or safety.

C. Termination by Franchisee

Franchisee may not terminate this Agreement prior to the expiration of its Term, except through arbitration as set forth herein, based upon a material breach of this Agreement by Franchisor, provided that in the event that Franchisee shall claim that Franchisor has failed to meet any obligation under this Agreement, Franchisee shall provide Franchisor with written notice of such claim, within one (1) year of its occurrence, specifically enumerating all alleged deficiencies and providing Franchisor with an opportunity to cure, which shall in no event be less than sixty (60) days from the date of receipt of such notice by Franchisor from Franchisee. Failure by Franchisee to give such notice shall constitute a waiver by Franchisee of any such alleged default.

XX. REMEDIES ON TERMINATION

A. Discontinuance after Termination

In the event of termination of this Agreement or the franchise for any reason, Franchisee forfeits any and all fees paid and will no longer use Franchisor's Proprietary Marks or any other property connected with the franchise. Franchisee must immediately cease use of all trade names, trade dress, alcoves and other fixtures, formulas, recipes, service marks, trademarks, training manuals, and all other proprietary property of Franchisor.

Franchisee shall immediately return all Confidential Manuals, training films, videos, training materials, confidential materials, and other property of Franchisor and shall not operate or do business under any name or in any manner that might tend to give the general public the impression that the former Franchisee is dispensing, selling, or servicing any of Franchisor's products or that the former Franchisee is operating a Store similar to Stores established by Franchisor. The foregoing restrictions shall also apply when this Agreement expires.

Franchisee shall, at the election of Franchisor, within thirty (30) days of termination or expiration of this Agreement, either change all telephone numbers and other public information listings which designate the Store as a WineStyles Tasting Station® Store, including any fictitious or assumed name registrations, or shall execute all documents necessary to transfer to Franchisor, or Franchisor's nominee, the right to use and control all telephone numbers and internet websites for the Store. In the event that Franchisee shall fail or refuse to execute such documents within the time period, Franchisor is hereby irrevocably appointed as Franchisee's attorney-in-fact to do so. If Franchisee remains in possession of the Franchise Location, Franchisee, at Franchisor's request, will be required to redecorate the Store to prevent the public from believing the Store remains in the System. On any termination of Franchisee due to a default, Franchisor has the option but not the obligation, to purchase the equipment and tangible assets of the Store for an amount equal to the lesser of their then-fair market value or book value. The default by a Franchisee under this Agreement may result in a loss by Franchisee of additional WineStyles Tasting Station® franchises held by Franchisee.

B. Return of Confidential Manual upon Termination

Immediately upon the termination or expiration of this Agreement, for whatever reason, Franchisee agrees to cease and forever abstain from using the Confidential Information or any part thereof or any trade secrets contained therein, to return to Franchisor all copies of the Confidential Manual and all other documents, instructions, display items, advertising material, training tools, and other tangible property connected with the franchise, and to remove all signs and other items tending to identify the Store as being connected with Franchisor or the System.

C. Option to Purchase Inventory and Paper Goods, Etc.

Franchisee hereby grants to Franchisor the option to purchase the inventory of all approved wine, wine products and accessories, as well as paper goods, containers, and all other items containing the Proprietary Marks, at the lower of their cost or fair market value, at the time of termination or expiration.

D. Obligations upon Termination

In the event of termination or expiration, all obligations of Franchisor to Franchisee and all rights of Franchisee under this Agreement shall automatically terminate; however, any obligations of Franchisee to take, or abstain from taking, any action upon termination (or expiration) pursuant to this Agreement, shall not be affected by such termination (or expiration), including the payment to Franchisor of all sums due from Franchisee at the time of termination or expiration.

XXI. NOTICES

A. Writing

All notices, requests, demands, payments, consents and other communications hereunder shall be transmitted in writing and shall be deemed to have been duly given when sent by registered or certified United States mail, postage prepaid, or other form of delivery which provides for a receipt, addressed as follows:

FRANCHISOR: TASTING STATION, INC.
5515 Mills Civic Pkwy, #120
West Des Moines, Iowa 50266

FRANCHISEE: _____

_____.

B. Address Change

Either party may change such party's address by giving notice of such change of address to the other party.

C. Notice by Telegram or Facsimile

In case any notice is required to be given by Franchisor or Franchisee, telegraphic notice or facsimile transmission, with delivery verified, shall be sufficient notice hereunder.

D. Mailed Notice

Mailed notices shall be deemed communicated within three (3) business days from the time of mailing, if mailed as provided in this paragraph, regardless if delivery shall be refused by addressee.

XXII. MISCELLANEOUS

A. Injunction

Franchisee recognizes the unique value and secondary meaning attached to the System, its Proprietary Marks, standards of operation, trade secrets and Confidential Information (for this purpose collectively, the "Proprietary Property") and Franchisee agrees that any non-compliance with the terms of this Agreement or any unauthorized or improper use of the Proprietary Property will cause irreparable damage to Franchisor and its franchisees. Franchisee therefore agrees, that if it should engage in any such unauthorized or improper use of the Proprietary Property, during or after the period of this franchise, Franchisor shall be entitled to both permanent and temporary injunctive relief from any court of competent jurisdiction, in addition to any other remedies prescribed by law.

B. Additional Actions

The parties agree to execute such other documents and perform such further acts, as may be necessary or desirable to carry out the purposes of this Agreement.

C. Heirs, Successors, and Assigns

This Agreement shall be binding and inure to the benefit of the parties, their heirs, successors, and assigns.

D. Entire Agreement

This agreement, including the introduction, addenda, riders, and exhibits to it, constitutes the entire agreement between Franchisor and Franchisee. There are no other oral or written understandings or agreements between Franchisor and Franchisee concerning the subject matter of this Agreement. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document. Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both Franchisor and Franchisee. Franchisee understands that other franchisees may operate under a different form of franchise agreement and that from of franchise agreement may have different terms and conditions than this Agreement.

E. Waiver of Rights

Failure by either party to enforce any rights under this Agreement shall not be construed as the waiver of such rights. Any waiver, including waiver of default, in any one instance, shall not constitute a continuing waiver or a waiver in any other instance. Any acceptance of money or other performance by Franchisor from Franchisee shall not constitute a waiver of any default, except as to the payment of the particular payment or performance so received.

F. Validity of Parts

Any invalidity of any portion of this Agreement shall not affect the validity of the remaining portion, and unless substantial performance of this Agreement is frustrated by any such invalidity, this Agreement shall continue in effect.

G. Headings

The headings used herein are for purposes of convenience only and shall not be used in interpreting the provisions hereof. As used herein, the male gender shall include the female and neuter genders; the neuter gender shall include the male and female genders; the singular shall include the plural, the plural, the singular and termination shall include expiration.

H. Execution by Franchisor

This Agreement shall not be binding on Franchisor unless and until it shall have been accepted and signed by an authorized officer of Franchisor.

I. Third Parties

The parties intend to confer no benefit or right on, any person or entity not a party to this Agreement, and no third party shall have the right to claim the benefit of any provision hereof as a third-party beneficiary of any such provision.

J. Attorneys' Fees

If Franchisor becomes a party to any litigation concerning this Agreement, the Franchise Location, the franchise business or the Store by reason of any act or omission of Franchisee or Franchisee's representatives and not by any act or omission of Franchisor or any act or omission of its authorized representatives, Franchisee shall be liable to Franchisor for reasonable attorneys' fees and court costs incurred by Franchisor in such litigation, at all trial and appellate levels.

If either party commences an action (whether by way of arbitration or litigation) against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs (and in the event of litigation, at both the trial and appellate levels).

K. Dispute Resolution

1) Any dispute or controversy between the parties arising out of or relating to this Agreement, including, without limitation, a dispute or controversy relating to the construction of any provision or the validity or enforceability of any term or condition (including this provision) or of the entire Agreement, or any claim that all or any part of this Agreement (including this provision) is void or void able, shall be submitted to arbitration to an impartial arbitrator nominated by the American Arbitration Association ("AAA") and selected by the parties in accordance with AAA's commercial arbitration rules. All matters relating to such arbitration shall be governed by the Federal Arbitration Act (9 U.S.C. Sec. 1 *et seq.*). Venue for any arbitration hearing shall be in Des Moines, Iowa. Any arbitration will be conducted and resolved on an individual basis only and not a class-wide, multiple plaintiff or similar basis. Any such arbitration proceeding will not be consolidated with any other arbitration proceeding involving any other person, except for disputes involving affiliates of the parties to such arbitration. Franchisor and Franchisee agree that, in connection with any such arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim that is not submitted or filed in such proceeding will be barred. All arbitration proceedings must be completed within three (3) months from the filing of the claim and there shall be a limit of five (5) depositions per party. The arbitrators will have the right to award any relief that they deem proper in the circumstances, including, for example, money damages (with interest on unpaid amounts from their due date(s)), specific performance, and temporary and/or permanent injunctive relief. The arbitrators will not have the authority to award exemplary or punitive damages.

The prevailing party shall be entitled to recover its attorneys' fees and costs in any such proceeding. To the fullest extent permitted by law, Franchisee irrevocably submits to the jurisdiction of such forum and waives any objection to either the jurisdiction or venue of such forum. This arbitration provision shall be deemed self-executing, and if either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party, notwithstanding such failure to appear.

2) The provisions of this Article 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.

3) Judgment upon an arbitration award may be entered in any court having competent jurisdiction and shall be binding, final, and non-appeal able.

4) Prior to any arbitration proceeding taking place, Franchisor or Franchisee may, at their respective option, elect to submit the controversy or claim to non-binding mediation before a mutually agreeable mediator, in which event both parties shall execute a suitable confidentiality agreement.

5) The obligation herein to arbitrate or mediate shall not be binding upon either party with respect to claims relating to Franchisor's trademarks, service marks, patents, or copyrights; claims related to any lease or sublease of real property between the parties or their affiliated entities; requests by either party for temporary restraining order, preliminary injunctions or other procedures in a court of competent jurisdiction to obtain interim relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution by arbitration of the actual dispute between the parties.

6) This provision continues in full force, effect subsequent to, and notwithstanding the expiration or termination of this Agreement for any reason.

[Franchisor's Initials: _____ Franchisee's Initials: _____]

[Principal Equity Owners' Initials: _____]

L. Interpretation of Rights and Obligations.

The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement and the relationship between the parties:

1) **Governing Law.** This Agreement shall be governed by and construed in accordance with the internal laws of the state of where the store subject to this agreement is located. Any provision of this Agreement that may be determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the prohibition or unenforceability, without invalidating the remaining provisions of this Agreement. Any prohibition against or unenforceability of any provision of this Agreement in any jurisdiction, including the state whose law governs this Agreement, shall not invalidate the provision or render it unenforceable in any other jurisdiction. To the extent permitted by applicable law, Franchisee waives any provision of law that renders any provision of this Agreement prohibited or unenforceable in any respect.

2) **Franchisor's Rights.** Whenever this Agreement provides that Franchisor has a certain right, that right is absolute and the parties intend that Franchisor's exercise of that right will not be subject to any limitation or review. Franchisor has the right to operate, administrate, develop, and change the System in any manner that is not specifically and expressly precluded by the provisions of this Agreement.

3) **Franchisor's Reasonable Business Judgment.** Whenever Franchisor reserves discretion in a particular area or where Franchisor agrees to exercise its rights reasonably or in good faith, Franchisor will satisfy Franchisor's obligations whenever Franchisor's exercises Reasonable Business Judgment in making Franchisor's decision or exercising Franchisor's rights. Franchisor's decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably

preferable alternatives are available, if Franchisor's decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes Franchisor's 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.

M. Jurisdiction and Venue

Each of the parties irrevocably and unconditionally with respect to any matter that is not subject to arbitration: (a) agrees that any suit, action or legal proceeding arising out of or relating to this Agreement shall only be brought in the court(s) of record for the State and County or the United States District Court, whose jurisdiction encompasses the location of the principal office of the Franchisor; (b) consents to the jurisdiction of each such court in any suit, action or proceeding; (c) waives any objection which it may have to the laying of venue of any such suit, action or proceeding in any of such courts; and (d) agrees that service of any court paper may be effected on such party by mail, as provided in this Agreement, or in such other manner as may be provided under applicable laws or court rules of the State of Iowa.

N. Limitation of Actions

Any and all claims and actions arising out of or relating to this Agreement, the relationship of Franchisee and the Franchisor or the Franchisee's operation of the Franchise, brought by any party hereto against the other, shall be commenced either by arbitration or litigation three years from the occurrence of the facts giving rise to any such claim or action, or such claims or action shall be barred.

O. Waiver of Punitive Damages

Franchisor and Franchisee (and its owners and guarantors, if applicable), hereby 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 any dispute between them, each shall be limited to the recovery of any actual damages sustained by it, either in arbitration or litigation.

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

FRANCHISOR:

FRANCHISEE:

TASTING STATION, INC.

Print Name

By: _____
Bryan McGinness, CEO

By: _____
Signature

Print Name

By: _____
Signature

**EXHIBIT 1-U
TO THE WINESTYLES TASTING STATION®
FRANCHISE AGREEMENT**

LOCATION DESIGNATION/LOCATION ACCEPTANCE FORM

Tasting Station, INC. ("Franchisor") and _____ ("Franchisee") pursuant to the Franchise Agreement ("Agreement") dated _____, 20__, for franchise number _____ agree as follows:

1. The Franchise Location as referenced in the Agreement shall be as follows:

2. By execution hereof, Franchisor hereby accepts the above stated Franchise Location. The Franchisee acknowledges and warrants that Franchisor's acceptance of the Franchise Location does not:

- a) provide for any protected or other territorial rights associated with the location,
- b) constitute a guarantee, recommendation, or endorsement of the Franchise Location and
- c) guarantee the success of the Franchisee's Tasting Station, INC. Store and is dependent upon the Franchisee's abilities as an independent businessperson.

FRANCHISOR: TASTING STATION, INC.

By: _____

Date: _____

FRANCHISEE:

Print Name

By: _____
Signature

Print Name

By: _____
Signature

Date: _____, 20__

**EXHIBIT 2-U
TO THE WINESTYLES TASTING STATION®
FRANCHISE AGREEMENT**

AGREEMENT WITH LANDLORD

THIS AGREEMENT dated _____, 20__ by and among Tasting Station, INC. (the "Franchisor"); _____ (the "Landlord") and _____, ("Tenant/Franchisee").

WHEREAS, the Landlord and the Tenant/Franchisee are parties to that certain Lease Agreement dated _____, 20__ (the "Lease") relating to the premises described in Exhibit 2-U attached hereto (the "Premises");

WHEREAS, the Tenant/Franchisee is a Franchisee of the Franchisor under that certain Tasting Station, INC. Franchise Agreement between the Franchisor and Tenant/Franchisee, dated _____, 20__, relating to the operation of a WineStyles Tasting Station® Franchise at the Premises (the "Franchise Agreement "); and

WHEREAS, in order to assure that a WineStyles Tasting Station® Franchise continues to operate at the Premises, the Landlord hereby grants certain rights to the Franchisor under the Lease to protect the Franchisor's interest under the Franchise Agreement.

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

1. Notices of Default. The Landlord shall mail, upon transmission or within three (3) days of receipt, by first class mail, postage prepaid, to the Franchisor at the address below, copies of all written notices sent to or received from the Tenant/Franchisee, including without limitation, all notices of default.

2. Right to Cure. In the event the Tenant/Franchisee shall be in default under the Lease, the Franchisor may (but shall be under no obligation to), within thirty (30) days after receipt of written notice from the Landlord, cure such default [or such longer period of time if such default is not capable of being cured within thirty (30) days and the Franchisor is diligently proceeding to cure the default] and take immediate occupancy of the Premises without the Landlord's consent. The Franchisor may at any time after taking occupancy, relet the Premises to another WineStyles Tasting Station® franchisee with the Landlord's written approval of the new tenant/franchisee, which consent shall not be unreasonably withheld or delayed.

3. Right to Assign. The Tenant/Franchisee shall be permitted to assign its interest under the Lease and all rights and obligations there under at any time to the Franchisor without the consent of the Landlord. The Franchisor shall be permitted to assign the Lease and all rights and obligations there under to another WineStyles Tasting Station® tenant/franchisee upon the Landlord's written approval of the new tenant/franchisee, which approval shall not be unreasonably withheld or delayed.

4. Vacate on Assignment. The Tenant/Franchisee agrees that at the time the Franchisor exercises its option to become the lessee under the Lease, the Tenant/Franchisee will immediately vacate the Premises, without removing any equipment, parts or supplies, except as authorized under the Franchise Agreement and will permit the Franchisor to enter upon and take possession of the Premises.

5. Landlord's Reliance. The Lessor is authorized to rely solely upon written notice by the Franchisor of its option to become the lessee under the Lease, and is relieved of all liability to the Franchisor and/or the Tenant/Franchisee for any action it takes in so relying that is undertaken in good faith and in the absence of gross negligence or intentional misconduct. The Franchisor and the Tenant/Franchisee, jointly and severally, agree that they will defend, indemnify and hold the Lessor harmless from claims, demands, losses, costs, expenses (including attorneys' fees and court costs), that may arise in any dispute between the Franchisor and the Tenant/Franchisee with respect to their rights and obligations under this Agreement, including attorneys' fees and costs incurred by the Lessor in the prosecution of or participation in any suit for declaratory decree, construction or interpretation of the Lease and/or this Agreement.

6. Acknowledgment of Rights. The Landlord acknowledges the Franchisor's rights under the Franchise Agreement, upon reasonable notice to the Landlord, to enter the Premises to take such steps as may be necessary to protect its interest under the Franchise Agreement including the removal of any signs and other uses of the trademarks, service marks, logos, or the like of the Franchisor (without damage to the Premises).

7. Modification of Lease. The Landlord and the Tenant /Franchisee will not make any material modifications to the Lease without the Franchisor's prior written consent, which consent shall not be unreasonably withheld or delayed.

8. Conflict. In the event of any inconsistency between the terms of this Agreement and the terms of the Lease, the terms of this Agreement shall supersede and control.

9. Binding Effect. This Agreement shall be binding upon the personal representatives, heirs, successors, and assigns of the parties hereto.

10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state of where the Premises are located.

IN WITNESS WHEREOF, this Agreement has been executed the date and year first above written.

FRANCHISOR: TASTING STATION, INC.

By: _____
Bryan McGinness, CEO

LANDLORD:

Print Name

By: _____
Signature

TENANT/FRANCHISEE:

Print Name

By: _____
Signature

By: _____
Signature

Date: _____, 200__

EXHIBIT 3-U

TO THE WINESTYLES TASTING STATION® FRANCHISE AGREEMENT

EMPLOYMENT - NONCOMPETITION AGREEMENT

During my employment with and in the event of termination of my employment with _____ ("Franchisee"), I will not directly operate or participate in a business with a similar operation or one competitive with Franchisee, a franchisee of Tasting Station, Inc., ("Franchisor") for a period of six (6) months after such termination, within a (10) ten mile radius of Franchisee's business location and agree not to directly or indirectly divulge any system, method, technique or service of Franchisee or of Franchisor.

I understand that Franchisor is a third party beneficiary of this Agreement and that the restrictions set forth are intended to be for the benefit of Franchisor and that Franchisor is expressly authorized to independently enforce the restrictions.

In Witness Whereof, I have signed this Agreement on the _____ day of _____, 20__.

EMPLOYEE:

**EXHIBIT 4-U
TO WINESTYLES TASTING STATION®
FRANCHISE AGREEMENT SECURITY
AGREEMENT**

Tasting Station, Inc. a Iowa corporation ("Secured Party") and _____
("Debtor") agree as follows:

1. Background.

Secured party, as Franchisor, and Debtor, as Franchisee, are parties to a franchise agreement of even date (the "Franchise Agreement") pursuant to which, among other things, Debtor is obligated to pay, from time to time, certain sums to Secured Party. In order to induce Secured Party to enter into the Franchise Agreement, Debtor, among other things, is entering into this Security Agreement pursuant to which Debtor's payment and performance of all obligations under the Franchise Agreement are secured on the terms and conditions hereinafter provided for. Capitalized terms, which are defined in the Franchise Agreement, shall have the same meaning herein as therein.

2. Security Interest.

To secure the payment and performance by Debtor of all obligations and liabilities under the Franchise Agreement (such payment and performance of such obligations and liabilities being hereinafter collectively referred to as the "Obligations"), Debtor shall and hereby does grant, convey, assign and transfer to Secured Party, a security interest in and to the Franchise Agreement and all signs and other appurtenances and other property, real and personal, bearing any of the Proprietary Marks used at, located on or affixed to the WineStyles Tasting Station® store ("Store"), and all equipment, inventory, fixtures, furnishings and improvements located at the Store, now owned or hereafter acquired by Debtor (the "Collateral").

3. Default.

3.1 Definitions. The term "Event of Default", as used, herein, shall mean the occurrence and continuation of any one or more of the following events:

(a) any failure of Debtor promptly and faithfully to pay, observe and perform, when due, any of the Obligations; or

(b) if Debtor becomes insolvent, commits an act of bankruptcy, files a voluntary petition in bankruptcy, or an involuntary petition in bankruptcy is filed, or a permanent or temporary receiver or trustee for the Store, or all or substantially all of the Debtor's property, is appointed by any court and such appointment is not actively opposed through legal action, or Debtor makes an assignment or arrangement for the benefit of creditors, or calls a meeting of creditors, or Debtor makes a written statement to the effect that he or it is unable to pay his or its debts as they become due, or a levy of execution is made upon Debtor, or an attachment or lien outstanding with respect to the Store for thirty (30) days, unless the attachment or lien is being duly contested in good faith by Debtor, and Secured Party is so advised in writing;

(c) if Debtor loses possession or the right of possession of all or a significant part of the Store through condemnation or casualty and the Store is not relocated or reopened as required by the Franchise Agreement;

(d) if Debtor is a corporation, partnership, joint venture, or other legal entity, any action is taken which purports to merge, consolidate, dissolve, or liquidate Debtor without the prior written consent of Secured Party.

3.2 Remedies. Upon the occurrence of an Event of Default, all amounts payable to Secured Party shall become immediately due and payable and Secured Party shall have all the rights and remedies of a secured party under the Uniform Commercial Code as in effect in the state or states in which the Collateral may be located, including the right to enter upon the Restaurant peaceably and remove

all Collateral. Secured Party shall give Debtor reasonable notice of the time and place of any public or private sale or other intended disposition of all or any particular Collateral, as the case may be. Debtor agrees that the requirement of reasonable notice shall be met if notice is mailed to Debtor at its address first above written not less than five (5) business days prior to the sale or other disposition. Expenses of retaking, holding, preparing for sale, selling or the like, shall include, without limitation, Secured Party's reasonable attorneys' fees and other legal expenses. Secured Party's rights and remedies, whether pursuant hereto or pursuant to the Iowa Uniform Commercial Code or any other statute or rule of law conferring rights similar to those conferred by the Iowa Uniform Commercial Code, shall be cumulative and not alternative.

4. Notices.

Any notice, request or other communication to either party by the other as provided for herein shall be given in writing and shall be deemed given on the date the same is (i) actually received or (ii) mailed by certified or registered mail, return receipt requested, postage prepaid and addressed to the addresses first set forth at the head of this Agreement. The person and the place to which notices or copies of notices are to be mailed to either party may be changed from time to time by such party by written notice to the other party.

5. Applicable Law.

This Agreement shall be governed by and interpreted under the laws of the State of Iowa, without regard to the principles of conflict of laws thereof.

6. Miscellaneous.

6.1 This Security Agreement shall inure to the benefit of, and shall be binding upon the respective successors, assigns, and legal representatives of the parties hereto.

6.2 The captions used herein are inserted for reference purposes only and shall not affect the interpretation or meaning of this Security Agreement.

6.3 Debtor hereby authorizes Secured Party, from time to time, to file financing statements in such form as may be necessary to perfect the security interest in the Collateral in any or all pertinent jurisdictions and in this regard, to execute said financing statements for itself (as secured party) and for Debtor (as debtor), as Debtor's agent. Upon Secured Party's request, Debtor shall execute any such financing statement as debtor.

SECURED PARTY:

TASTING STATION, INC.

By: _____
Bryan McGinness, CEO

DEBTOR:

Print Name

By: _____
Signature-

By: _____
Signature-

Date: _____, 20__

EXHIBIT 5-U
TO THE WINESTYLES TASTING STATION® FRANCHISE
AGREEMENT ASSIGNMENT AND CONSENT OF FRANCHISE
AGREEMENT

THIS AGREEMENT is made and entered into as of the Effective Date (as defined in Section 8 below), by and among _____ (“Assignor”), _____ (“Assignee”), and Tasting Station, INC. (“Franchisor”).

INTRODUCTION:

Franchisor and Assignor executed a WineStyles Tasting Station® Franchise Agreement on _____, 20__ (the “Franchise Agreement”), pursuant to which Assignor was granted the right to operate a WineStyles Tasting Station® Store in the _____, _____ area. Assignor desires to assign the Franchise Agreement to an entity which Assignor will own and operate. Franchisor is willing to consent to the assignment of the Franchise Agreement under the provisions stated below.

AGREEMENTS:

In consideration of the foregoing and the mutual agreements set forth below, the parties agree as follows:

1. Assignment. Subject to Franchisor’s written consent as provided herein, Assignor assigns and transfers to Assignee all of its rights, title and interest to the Franchise Agreement, as of the Effective Date.

2. No Fee Transfer. The parties agree that no transfer fee will be payable as a result of the assignment of the Franchise Agreement on the Effective Date.

3. Assumption of Franchise Rights. Subject to Franchisor’s written acceptance as provided herein, Assignee unconditionally assumes and accepts the assignment of the Franchise Agreement as of the Effective Date.

4. Personal Guarantee. Assignor acknowledges and agrees that a condition to Franchisor’s consent to this assignment is that Assignor and, if applicable, any and all other owners of Assignee, execute a personal guarantee whereby they guarantee the Assignee’s performance under the Franchise Agreement and agree to be personally bound by all provisions of the Franchise Agreement.

5. Consent to Assignment. Franchisor hereby waives its right of first refusal and any option to purchase the Franchise Agreement in connection with this transaction and consents to the assignment of the Franchise Agreement from Assignor to Assignee, subject to all of the terms and conditions of this Agreement.

6. Release.

A. Assignor, for himself, his heirs, and the officers of any associated companies to this transaction, its officers, directors, owners, agents, affiliates, employees, representatives, successors and assigns and on behalf of any other party claiming an interest through them (“Assignor Parties”), release and forever discharge Franchisor, its respective successors, assigns, affiliates, directors, officers, shareholders, and employees (“Franchisor Parties”), of and from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which Assignor has or may have for, upon or by reason of any matter, cause or thing whatsoever including, but not limited to, any matter relating directly or indirectly, to any verbal or written agreements, the relationship of the parties arising therefrom, or their conduct in obtaining or entering such agreement from the beginning of time to the Effective Date.

B. The release of Claims set forth in Section 6.A is intended by the Assignor Parties to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor

of the Assignor Parties against the Franchisor Parties regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, the Assignor Parties acknowledge that claims or facts in addition to or difference from those which are now known or believed to exist with respect to the matters mentioned herein may later be discovered and that it is the Assignor Parties' intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. This release is and shall be and remain a full, complete and unconditional general release.

7. Miscellaneous. This Agreement, and the documents referred to herein, constitute the entire agreement among the parties with respect to the subject matter hereof. No amendment will be binding unless in writing and signed by the party against whom enforcement is sought. All representations, warranties, agreements and all other provisions of this Agreement which by their terms or by reasonable implication are intended to survive the closing of this transaction will survive it. This Agreement shall be enforced according to the laws of the State of Iowa.

8. Counterparts. This Agreement may be executed in more than one counterpart, each of which shall constitute an original copy.

9. The parties agree that this Agreement applies only to the assignment of the Franchise Agreement and shall have no effect on any other agreement between the parties.

10. Effective Date. The Effective Date of this Agreement is _____, 20__.

ASSIGNOR:

Printed Name: _____

Printed Name: _____

ASSIGNEE:

By: _____ Printed
Name: _____

Its: _____ Date: _____

FRANCHISOR:

TASTING STATION, INC.

By: _____

Printed Name: Bryan McGinness

Its: CEO

Date: _____

**EXHIBIT 6-U
TO THE WINESTYLES TASTING STATION® FRANCHISE AGREEMENT**

BUSINESS ENTITY INFORMATION

This form must be completed if Franchisee has multiple owners or if Franchisee or Franchisee's franchised business is owned by a business organization (a corporation, partnership, Limited Liability Company or similar entity). Franchisor is relying on the truth and accuracy of the information set forth in awarding the franchise to Franchisee:

1. Form of Owner. Franchisee is a (check one):

- (a) General Partnership
- (b) Corporation
- (c) Limited Partnership
- (d) Limited Liability Company
- (e) Other
Specify: _____

2. Business Entity. Franchisee was incorporated or formed on _____, 20__, under the laws of the State of _____. Franchisee has not conducted business under any name other than Franchisee's business entity name. The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions are listed below:

<u>Name of Person</u>	<u>Position(s) Held</u>

3. Owners. The following list includes the full name and mailing address of each person who is one of Franchisee's owners and fully describes the nature of each owner's interest. (Attach additional sheets if necessary.)

<u>Owner's Name and Address</u>	<u>Description of Interest</u>
1. _____ _____ _____	_____ % owner of _____
2. _____ _____ _____	_____ % owner of _____
3. _____ _____ _____	_____ % owner of _____
4. _____ _____ _____	_____ % owner of _____

4. Governing Documents. Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization such as, articles of incorporation or organization, partnership or shareholder agreements.)

This Exhibit 7-U is current and complete as of _____, 20_____.

OWNERS

INDIVIDUALS:

1) _____

[Signature]-

Print Name

2) _____

[Signature]-

Print Name

3) _____

[Signature]

Print Name

4) _____

[Signature]

Print Name

CORPORATION, LIMITED LIABILITY
COMPANY, PARTNERSHIP OR OTHER
BUSINESS ENTITY:

[Print Business Name]

By: _____

Title: _____

**EXHIBIT 7-U
TO THE WINESTYLES TASTING STATION® FRANCHISE AGREEMENT
PERSONAL GUARANTY AND ASSUMPTION OF OBLIGATIONS**

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS (this "Guaranty") is given this _____, 20__ by _____.

In consideration, of and as an inducement to, either the execution or approval of the assignment of a certain Franchise Agreement of even date herewith (the "Agreement") by Tasting Station, Inc. (the "Franchisor"), each of the undersigned hereby personally and unconditionally (a) guarantees to the Franchisor, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that and _____ ("Franchisee's) shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including without limitation the provisions of Sections XVII.A, IVII.B and XVII.C.

Each of the undersigned consents and agrees that: (1) his or her liability under this Guaranty shall be joint and several; (2) he or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by the Franchisor of any remedies against Franchisee or any other person; and (4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the Franchisor may from time to time grant to Franchisee to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement.

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

GUARANTOR (S)

PERCENTAGE OF OWNERSHIP

Print Name

Signature-

%

Print Name

Signature-

%

**EXHIBIT 8-U
TO THE WINESTYLES TASTING STATION® FRANCHISE AGREEMENT**

CONFIDENTIALITY, NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

This CONFIDENTIALITY, NON-DISCLOSURE AND NON-COMPETITION AGREEMENT ("Agreement") is made on _____, 20____ by and between Tasting Station, INC. ("Franchisor") and _____ ("I" or "me" or "Disclosee").

_____ ("Franchisee") and Tasting Station, INC., a Iowa corporation ("Franchisor"), have entered into that, certain Franchise Agreement dated _____, 20____ (the "Franchise Agreement") with regard to the operation of a WineStyles Tasting Station® store, under the WineStyles Tasting Station® System. In consideration of the receipt and use of information proprietary to the Franchisor and employment by Franchisee, if employed, I agree with Franchisee as follows:

SECTION 1. DEFINITION OF CONFIDENTIAL INFORMATION

As used in this Agreement, the term "Confidential Information" means: 1) proprietary information of the Tasting Station, INC. System; 2) information marked or designated by Franchisor as confidential; 3) information, whether or not in written form and whether or not designated as confidential, which is known to me as being treated by Franchisor as confidential; and (4) information provided to Franchisee by Franchisor which Franchisee is obligated to keep confidential. Confidential Information includes, but is not limited to: ideas; designs; specifications; techniques; data; programs; documentation; processes; know-how; guest lists; marketing plans; and financial and technical information.

SECTION 2. OWNERSHIP

I acknowledge that all Confidential Information is and shall continue to be the exclusive property of Franchisor, whether or not disclosed or entrusted to me in connection with my services for Franchisee.

SECTION 3. ACKNOWLEDGMENT OF RECEIPT OF CONFIDENTIAL INFORMATION

I acknowledge that by virtue of my relationship with Franchisee, I will have access to Confidential Information, and I agree, in addition to the specific covenants contained in this Agreement, to comply with all policies and procedures for the protection of Confidential Information.

SECTION 4. ACKNOWLEDGMENT OF IRREPARABLE HARM

I acknowledge that any unauthorized disclosure of Confidential Information will cause irreparable harm to Franchisor. I agree not to disclose Confidential Information directly or indirectly, under any circumstances or by any means, to any third person, without the express written consent of Franchisee and Franchisor.

SECTION 5. COVENANT OF NON-USE

I agree that I will not copy, transmit, reproduce, summarize, quote, or make any commercial or other use whatsoever of Confidential Information, except as may be necessary to perform my duties for Franchisee.

SECTION 6. SAFEGUARDING OF CONFIDENTIAL INFORMATION

I agree to exercise the highest degree of care in safeguarding Confidential Information against loss, theft, or other inadvertent disclosure, and agree generally to take all steps necessary to ensure the maintenance of the confidentiality.

SECTION 7. EXCLUSIONS

This Agreement shall not apply to any information now or hereafter voluntarily disseminated by Franchisor to the public, or which otherwise becomes part of the public domain through lawful means.

SECTION 8. RETURN OF CONFIDENTIAL INFORMATION

Upon termination of my relationship with Franchisee, I will deliver promptly to Franchisee as requested all Confidential Information, in whatever form this may be in my possession or under my control.

SECTION 9. DURATION

The obligations set forth above in this Agreement will continue beyond the term of my service to Franchisee and for so long as I possess, in any manner or form, Confidential Information.

SECTION 10. NON-COMPETITION

I agree that during the term of the Franchise Agreement, I shall not, either directly or indirectly, engage in any business that competes directly or indirectly with the WineStyles Tasting Station® System ("Competitive Business"), either as a proprietor, partner, investor, officer, director, shareholder, employee, agent, lender, broker, franchisee, consultant, or otherwise. I also agree that for a period of two (2) years immediately following the expiration, non-renewal or termination of the Agreement, I will not, directly or indirectly, as a proprietor, partner, investor, lender, shareholder, director, officer, member, manager, employee, principal, agent, representative, advisor, franchisor, franchisee, consultant, or otherwise engage in any Competitive Business located within thirty (30) miles of the Franchise Location or ten (10) miles of any other WineStyles Tasting Station® Store. It is the intention of this provision to preclude not only direct competition, but also all forms of indirect competition, for competitive businesses, service as an independent contractor for such competitive business, or any assistance or transmission of information of any kind or nature whatsoever which would be of any material assistance to a competitor.

For purposes of the foregoing:

(i) "Competitive Business": means any business operating or awarding franchises or licenses to others to operate, or the operation of any store, or any other business that provides the same or similar services customarily offered under the Tasting Station, INC. System.

(ii) "Directly or indirectly": includes, but is not limited to, all persons (natural or otherwise) under my control, and that person's spouse, children, parents, brothers, sisters, any other relative, friends, trustees, agents or associates.

Nothing herein shall prevent me from owning for investment purposes, up to an aggregate of two (2%) percent of the capital stock of any such competitive business, provided that such business is a publicly held corporation, whose stock is listed and traded on a national or regional stock exchange, or through the National Association of Securities Dealers Automated Quotation System (NASDAQ), provided that I do not control any such company.

SECTION 11. NO DEFENSE

The existence of any claim or cause of action I may have against the Franchisor and/or Franchisee predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Franchisor and/or Franchisee of this Agreement. Any failure to object to any conduct I may take in violation of this Agreement shall not be deemed a waiver. Franchisor and/or Franchisee may, specifically waive any part or all of this Agreement to the extent that such waiver is set forth in writing.

SECTION 12. INVALIDITY

If all or any portion of the foregoing covenant not to compete set forth in Section 11, is held unreasonable, void, vague, or illegal by any court or agency having valid jurisdiction in any unappealed final decision to which Franchisee or Franchisor is a party, the court or agency shall be empowered to revise and/or construe said covenant so as to cause same to fall within permissible legal limits and shall not invalidate the entire covenant. I expressly agree to be bound by any lesser covenant subsumed within the terms of this Agreement, as if the resulting covenant were separately stated in and made a part hereof.

SECTION 13. NO HARDSHIP

I acknowledge and confirm that the length of the term and geographical restrictions contained in Section 11 are fair and reasonable and not the result of overreaching, duress or coercion of any kind. I further acknowledge and confirm my full, uninhibited and faithful observance of each of the covenants contained in this Agreement will not cause any undue hardship, financial or otherwise, and that the enforcement of each of the covenants contained in this Agreement will not impair my ability to obtain employment or otherwise to obtain income required for my comfortable support and that of my family, and the satisfaction of the needs of my creditors. I acknowledge and confirm that my special knowledge of the business under the Tasting Station, INC. System is such as would cause the Franchisor and Franchisee serious injury and loss if I (or anyone acquiring such knowledge through me) were to use such ability and knowledge to the benefit of a competitor or were to compete with the Franchisor and Franchisee.

SECTION 14. TOLLING

In the event of any legal action or other proceeding for the enforcement of this Agreement, the time for calculating the term of the restrictions therein shall not include the period of time commencing with the filing of legal action or other proceeding to enforce the terms of this Agreement hereof through the date of final judgment or final resolution, including all appeals, if any, of such legal action or other proceeding.

SECTION 15. BENEFIT

I agree and acknowledge that Franchisor shall be a third party beneficiary of my obligations hereunder and Franchisor shall be entitled to all rights and remedies conferred upon the Franchisee hereunder, which Franchisor may enforce directly against me with or without the consent or joinder of Franchisee.

SECTION 16. BINDING EFFECT

All of the terms of this Agreement shall be binding upon, inure to the benefit of, and be enforceable by me, Franchisee and Franchisor and their respective legal representatives, heirs, successors and assigns.

SECTION 17. GOVERNING LAW, JURISDICTION, AND VENUE

This Agreement shall be governed by the laws of the State of Iowa without regard to principles of conflicts of laws. Without limiting the jurisdiction or venue of any other federal or state courts, I irrevocably and unconditionally: (a) agree that any legal proceeding relating to this Agreement may be brought in the state courts in Polk County or the District Court of the United States, Southern District of Iowa; (b) consent to the jurisdiction of each such court; (c) waive any objection to the laying of venue of any proceeding in any of such courts; and (d) agree that service of any court paper may be effected on me by mail, or in such other manner as may be provided under applicable laws in Iowa.

SECTION 18. REMEDIES

If I fail to abide by this Agreement, Franchisor and/or Franchisee will be entitled to specific performance, including immediate issuance of a temporary restraining order or preliminary injunction enforcing this Agreement, to judgment for damages caused by my breach, to any other remedies provided by applicable

law and to payment of all of its costs and expenses in pursuing such remedies, including its attorneys' fees, at all trial and appellate levels.

I represent that I have read and understand the terms of this Agreement and agree to be bound hereby.

Dated _____, 20__

DISCLOSEE:

Signature

Printed Name

ACKNOWLEDGED AND AGREED:

FRANCHISEE:

By: _____



Tasting Station, Inc.

FRANCHISE DISCLOSURE QUESTIONNAIRE

EXHIBIT B

FRANCHISE DISCLOSURE QUESTIONNAIRE

THIS FRANCHISE DISCLOSURE QUESTIONNAIRE DOES NOT APPLY TO CANDIDATES LOCATED IN, OR FRANCHISE LOCATION OR STORE TO BE LOCATED IN, ANY OF THE FOLLOWING FRANCHISE REGISTRATION STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI.

You (“you”) and Tasting Station, INC. (“we” or “us”) are preparing to enter into a Franchise Agreement for the operation of a WineStyles/Tasting Station® franchise. The purpose of the Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and remit your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer where provided at the end of this questionnaire.

- Yes _____ No _____ 1. Have you received and personally reviewed the Disclosure Document we provided a minimum of 14 calendar days prior to today?
- Yes _____ No _____ 2. Have you signed a receipt for the Disclosure Document indicating the date you received it? What is the date on your receipt: _____?
- Yes _____ No _____ 3. Do you understand all the information contained in the Disclosure Document and Franchise Agreement? If no, on which sections do you require clarification on: _____?
- Yes _____ No _____ 4. Have you reviewed the Disclosure Document and Franchise Agreement with a lawyer, accountant, or other professional advisor?
- Yes _____ No _____ 5. Have you discussed the benefits and risks of operating a WineStyles Tasting Station® franchise with your professional advisor?
- Yes _____ No _____ 6. Have you completed your own due diligence by discussing the benefits and risks of operating a WineStyles Tasting Station® franchise with existing WineStyles Tasting Station® franchisees? If no, why not?
_____.
- Yes _____ No _____ 7. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace in general?
- Yes _____ No _____ 8. Do you understand we have not granted you any territorial rights and that another WineStyles/Tasting Station franchise or company-owned store may open near your store?
- Yes _____ No _____ 9. Do you understand we and our affiliates retain the exclusive right to engage, directly or through others, in the production, distribution and sale of food products, beverages and other under the WineStyles Tasting Station® name or other mark, at any location or by any method of distribution, without regard to the location of other WineStyles Tasting Station® stores and these other stores or methods of distribution may compete with your store and adversely affect its sales?
- Yes _____ No _____ 10. Do you understand there are no radius restrictions and/or minimum population requirements concerning where another franchised or company WineStyles Tasting Station® store may open?

- Yes _____ No _____ 11. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be arbitrated in Iowa (unless amended by state amendment attached to your franchise agreement), if not resolved informally or by mediation?
- Yes _____ No _____ 12. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement is us?
- Yes _____ No _____ 13. Do you understand all persons whose name appear on the Franchise Agreement must satisfactorily complete the training course (or certain employees may satisfy these requirements if provided for under a Rider or amendment to the Franchise Agreement) before we will allow the store to open or consent to a transfer?
- Yes _____ No _____ 14. Is it true no employee or other person speaking on our behalf has made any statement or promise regarding the costs involved in operating a WineStyles Tasting Station® franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document? If no, who made such claims: _____

- Yes _____ No _____ 15. Is it true no employee or other person speaking on our behalf has made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a WineStyles Tasting Station® franchise will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document? If no, what projections or earnings claims were made and by whom? _____
- Yes _____ No _____ 16. Do you understand that the first years of operations may be the most challenging and there are numerous factors that affect a Franchised Outlet's sales and cost and that variations among franchisees may be caused by a variety of factors such as location, demographics, general economic conditions, weather, inventory mix, competition, and other factors as well as the efforts of individual Franchisees and their staff.
- Yes _____ No _____ 17. Is it true no employee or other person speaking on our behalf has made any statement or promise regarding the number of exclusive wines that will be available to you or the profit margins on the wines you will sell? If not, what was said and by whom? _____

- Yes _____ No _____ 18. Do you understand that the Franchise Agreement contains the entire agreement between us and you concerning the franchise for the store, meaning any prior oral or written statements not set out in the Franchise Agreement will not be binding, although nothing in the Franchise Agreement disclaims the representations made in the Disclosure Document?
- Yes _____ No _____ 19. Do you understand that disputes between the parties are subject to arbitration which will take place in Iowa? If no, please comment:

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

NOTE: NOT FOR USE IN ILLINOIS

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated _____, _____

Dated _____, _____

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated _____, _____

Dated _____, _____

EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO QUESTION NUMBER):



Tasting Station, Inc.

RIGHT OF FIRST REFUSAL AGREEMENT

EXHIBIT C

RIGHT OF FIRST REFUSAL AGREEMENT

This Right of First Refusal Agreement ("Agreement") is entered into this ____ day of _____, 20____, between Tasting Station, Inc., an Iowa corporation, with an address at 5515 Mills Civic Pkwy, #120, West Des Moines, Iowa 50266 (hereafter "we") and _____ (hereafter "you").

Background

- A. Contemporaneous with the execution of this Agreement, you and we have entered into a Unit Franchise Agreement (the "First Franchise Agreement") for the right to establish and operate a single WINESTYLES TASTING STATION® store (the "First Store"), for which you have paid the Initial Franchise Fee.
- B. We offer qualified franchisees the right of first refusal to open and operate additional WINESTYLES TASTING STATION® stores (the "Additional Stores") during the term of the right of first refusal period (defined below) and otherwise upon the terms and conditions of this Agreement.
- C. You wish to purchase a right of first refusal to establish and operate ___ Additional Stores under the terms and conditions set forth in this Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

Agreement

1. **Right of First Refusal.** In consideration of your payment to us of a \$_____ fee (the "Fee"), which is due and payable upon your execution of this Agreement, we grant you a right of first refusal to establish and operate ___ Additional Store(s) under the terms and conditions of this Agreement. This Fee is deemed fully earned upon payment and is nonrefundable. Your right of first refusal is limited to the following geographic area: _____ ("Area").
2. **Time Period.** Your right of first refusal to establish the Additional Stores begins on the date you sign this Agreement and ends two years from this date. You recognize and acknowledge that the expenses and investment required for building and operating a Store will increase over time and that each additional Store likely will involve greater initial investment and operating capital requirements than those estimated in the Uniform Franchise Disclosure Document provided to you prior to the execution of this Agreement.
3. **Exercise of Right of First Refusal.** If we have a bona fide prospective franchisee who wants to purchase a WINESTYLES TASTING STATION® franchise to be located in the Area, we will notify you in writing and you will have 30 days within which to exercise your right of first refusal. In order to exercise your right of first refusal for each Additional Store you must satisfy all of the following conditions within the 30 day period:
 - 3.1. Execute a new franchise agreement in the form of our then-current Franchise Agreement.
 - 3.2. Pay the Initial Franchise Fee of \$25,000, less a \$5,000 credit, for the Additional Store. The \$5,000 credit will be considered to have been paid as part of the Right of First Refusal Agreement. In no event will you be entitled to a refund or monies back from us in the event you fail to open enough units to exhaust the Fee.
 - 3.3. You are not in default under this Agreement, or any other agreement with us, including any other franchise agreement or development agreement and have fully and faithfully performed all of your material obligations under any such agreements throughout their respective terms;
 - 3.4. Neither this Agreement, the Franchise Agreement or any other agreement with you has expired or been terminated by us;
 - 3.5. You have timely paid any fees or other monies due us as and when due under the terms of

the Franchise Agreement or any other agreement with us, including interest or principal due under any note payable to us or any affiliate of ours;

3.6. You have been in compliance with all federal, state, city, municipal and local laws, ordinances, rules and regulations applicable to your Stores;

3.7. There has been no change in the effective control of your franchisee entity (by way of change in share ownership, membership or partnership interest, or otherwise) without our written consent; and

3.8. Your Designated Manager has successfully completed our training programs.

4. **Sale or Assignment.** Your rights under this Agreement are personal and you may not sell, transfer, or assign any right granted herein without our prior written consent, which may be withheld in our sole judgment. Notwithstanding, if you are an individual or a partnership, you have the right to assign your rights under this Agreement to a corporation or limited liability company upon the same terms and conditions as provided in Section XV.E of the Franchise Agreement. We have the right to assign this Agreement in whole or in part in our sole judgment.

5. **Time of the Essence.** Time is of the essence with respect to any time fixed for performance of any requirement set forth in this Agreement.

6. **Acknowledgment.** You acknowledge that this Agreement is not a franchise agreement and does not confer upon you any rights to use our proprietary marks or our system.

7. **Notices.** All notices, requests and reports to be given under this Agreement are to be in writing, and delivered by either hand, overnight mail, or certified mail, return receipt requested, prepaid, to the addresses set forth above (which may be changed by written notice).

8. **Interpretation of Rights and Obligations.** The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

1. **Applicable Law and Waiver.** Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act in accordance with Section 11.F, the parties' rights under this Agreement, and the relationship between the parties is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state of Iowa. However, if any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid law or regulation of the state in which your Store is located, then the valid law or regulation of that state applicable to the franchised business will supersede any provision of this Agreement that is less favorable to you.
2. **Our Rights.** Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically and expressly precluded by the provisions of this Agreement.
3. **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.

9. **Dispute Resolution.** All disputes shall be resolved in accordance with the following provisions:

1. Any dispute or controversy between the parties arising out of or relating to this Agreement, including, without limitation, a dispute or controversy relating to the construction of any provision or the validity or enforceability of any term or condition (including this provision) or of the entire Agreement, or any claim that all or any part of this Agreement (including this provision) is void or voidable, shall be submitted to arbitration to an impartial arbitrator nominated by FAM and selected by the parties in accordance with FAM's Arbitration Guidelines, which are available at FAM's website (www.franarb.com). All matters relating to such arbitration shall be governed by the Federal Arbitration Act (9 U.S.C. Sec. 1 *et seq.*). Any arbitration will be conducted and resolved on an individual basis only and not a class-wide, multiple plaintiff or similar basis. Any such arbitration proceeding will not be consolidated with any other arbitration proceeding involving any other person, except for disputes involving affiliates of the parties to such arbitration. The parties agree that, in connection with any such arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim that is not submitted or filed in such proceeding will be barred. All arbitration proceedings must be completed within three (3) months from the filing of the claim and there shall be a limit of five (5) depositions per party. The arbitrators will have the right to award any relief that they deem proper in the circumstances, including, for example, money damages (with interest on unpaid amounts from their due date(s)), specific performance, and temporary and/or permanent injunctive relief. The arbitrators will not have the authority to award exemplary or punitive damages. The prevailing party shall be entitled to recover its attorneys' fees and costs in any such proceeding. To the fullest extent permitted by law, you irrevocably submit to the jurisdiction of such forum and waives any objection to either the jurisdiction or venue of such forum. This arbitration provision shall be deemed self-executing, and if either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party, notwithstanding such failure to appear.
2. The provisions of this Section 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.
3. Judgment upon an arbitration award may be entered in any court having competent jurisdiction and shall be binding, final, and non-appealable.
4. Prior to any arbitration proceeding taking place, either party may, at their respective option, elect to submit the controversy or claim to non-binding mediation before a mutually agreeable mediator, in which event both parties shall execute a suitable confidentiality agreement.
5. The obligation herein to arbitrate or mediate shall not be binding upon either party with respect to claims relating to our trademarks, service marks, patents, or copyrights; claims related to any lease or sublease of real property between the parties or their affiliated entities; requests by either party for temporary restraining order, preliminary injunctions or other procedures in a court of competent jurisdiction to obtain interim relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution by arbitration of the actual dispute between the parties.
6. This provision continues in full force, effect subsequent to, and notwithstanding the expiration or termination of this Agreement for any reason.

10. **Jurisdiction and Venue.** With respect to any proceeding not subject to arbitration, the parties agree

that any action at law or in equity instituted against either party to this Agreement shall be commenced only in the state of federal Court whose jurisdiction encompasses Polk County, Iowa.

11. **Attorneys' Fees.** If either party commences an action (whether by way of arbitration or litigation) against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs (and in the event of litigation, at both the trial and appellate levels).

12. **Nonwaiver.** Our failure to insist upon strict compliance with any provision of this Agreement shall not be a waiver of our right to do so, any law, custom, usage or rule to the contrary notwithstanding. 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 Agreement shall be cumulative. Our election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.

13. **Severability.** The parties agree that if any provisions of this Agreement may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning, which renders it valid and enforceable. The language of all provisions of this Agreement shall be construed according to fair meaning and not strictly construed against either party. The provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable. If any material provision of this Agreement shall be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Salad Creations reserves the right to terminate this Agreement.

14. **Construction of Language.** Any term defined in the First Franchise Agreement which is not defined in this Agreement will be ascribed the meaning given to it in the First Franchise Agreement. The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this 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.

15. **Successors.** References to "we" or "you" include the respective parties' successors, assigns or transferees, subject to the limitations of Section 5 of this Agreement.

16. **Additional Documentation.** You must from time to time, subsequent to the date first set forth above, at our request and without further consideration, execute and deliver such other documentation or agreement and take such other action as we may reasonably require in order to effectuate the transactions contemplated in this Agreement. In the event that you fail to comply with the provisions of this Section, you hereby appoint us as your attorney-in-fact to execute any and all documents on your behalf, reasonably necessary to effectuate the transactions contemplated herein.

17. **No Right to Offset.** You may not withhold all or any part of any payment to us or any of our affiliates on the grounds of the alleged nonperformance of us or any of its affiliates or as an offset against any amount we or any of our affiliates may owe or allegedly owe you under this Agreement or any related agreements.

18. **Entire Agreement.** This Agreement contains the entire agreement between the parties concerning the purchase and operation of additional Stores; no promises, inducements or representations (other than those in the Franchise Disclosure Document) not contained in this Agreement have been made, nor shall any be of any force or effect, or binding on the parties. Modifications of this Agreement must be in writing and signed by both parties. We reserve the right to change our policies, procedures, standards, specifications or manuals in our sole judgment. In the event of a conflict between this Agreement and any Additional Franchise Agreement(s), the terms, conditions and intent of this Agreement shall control.

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

Franchisee:

Witness
Name)

(Individual, Partnership, Corporation or LLC

By: _____

Title: _____

By: _____

Title: _____

Witness

Tasting Station, Inc.:

Witness

By: _____

Title: _____



Tasting Station, Inc.

**LIST OF STATE FRANCHISE
ADMINISTRATORS / AGENTS FOR SERVICE OF PROCESS**

EXHIBIT D

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

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
<u>CALIFORNIA</u>	Department of Corporations 1515 K Street Suite 200 Sacramento, CA 95814 (866) 275-2677	Corporations Commissioner 1515 K Street Suite 200 Sacramento, CA 95814
<u>ILLINOIS</u>	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-1090	Illinois Attorney General 500 South Second Street Springfield, IL 62706
<u>INDIANA</u>	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
<u>MICHIGAN</u>	Michigan Department of Attorney General Consumer Protection Division Attention: Franchise Section G. Mennen Williams Building, First Floor 525 West Ottawa Street Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce Corporations and Securities Bureau G. Mennen Williams Building, First Floor 525 West Ottawa Street Lansing, MI 48913
<u>MINNESOTA</u>	Minnesota Department of Commerce 85 Seventh Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1627	Minnesota Commissioner of Commerce 85 Seventh Place East, Suite 280 St. Paul, MN 55101-2198
<u>VIRGINIA</u>	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, Ninth Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 E. Main Street, First Floor Richmond, VA 23219
<u>WASHINGTON</u>	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 (360) 902-8760	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501
<u>WISCONSIN</u>	Department of Financial Institutions Division of Securities 201 W. Washington Avenue, Suite 300 Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Division of Securities 201 W. Washington Avenue, Suite 300 Madison, WI 53703



Tasting Station, Inc.

REGIONAL DEVELOPER DISCLOSURES

EXHIBIT E

ITEM 2 AND 3 INFORMATION
FOR AREA DEVELOPERS AND
THEIR OFFICERS, DIRECTORS AND
MANAGEMENT PERSONNEL

HOW TO READ THIS CHART:

Column D: *Pending Actions disclosure is responsive to the following question: Does the person in Column A currently have any administrative, civil or criminal action pending against him or her alleging a violation of franchise or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or any comparable allegations? This disclosure includes any actions other than ordinary routine litigation that are 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.*

Columns E: *Prior Actions disclosure is responsive to the following questions: During the 10 year period immediately before the Effective Date of the Disclosure Document, has the person shown in Column A:*

(1) been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable in a civil action by final judgment if the felony or civil action involved a violation of franchise or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable violations of law?

(2) entered into or been named in a consent judgment, decree, order or assurance under federal or state franchise, securities, anti-trust, monopoly, trade practice, or trade regulation law?

(3) been subject to any order or national securities association or national securities exchange as defined in the Securities and Exchange Act of 1934 suspending or expelling the person from membership in such association or exchange?

A Name and Address	B Present Employer and Position	C Employment history (5 years)	D Pending Actions	E Prior Actions		
				(1)	(2)	(3)
Gina Graham 8460 Birchwood Court, Suite 500 Johnson, Iowa 501301	Vice President & Treasurer Principal Financial Group	CFO, Principal Financial Group October 2006 – February 2016 Vice President & Treasurer, Principal Financial Group February 2016-Present	No	No	No	No
Allan Graham 8460 Birchwood Court, Suite 500 Johnson, Iowa 501301	Owner/Operator WineStyles Johnston, Iowa	Owner/Operator WineStyles Johnston, Iowa 2009-Present	No	No	No	No
Arthur Lampros 15339 Warm Springs Lane Manassas, Virginia 20112	Owner/Operator WineStyles Montclair	Owner/Operator WineStyles Montclair Sept 2008-Present	No	No	No	No
Michael Lampros 3304 Rose Lane Falls Church, Virginia 22042	Owner/Operator WineStyles Montclair	Owner/Operator WineStyles Montclair Sept 2008-Present	No	No	No	No



Tasting Station, Inc.

FINANCIAL STATEMENTS

EXHIBIT F

TASTING STATION, INC.

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2022, 2021, AND 2020



TASTING STATION, INC.

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Independent Auditor's Report

To the Stockholders
Tasting Station, Inc.
West Des Moines, Iowa

Opinion

We have audited the accompanying financial statements of Tasting Station, Inc., which comprise the balance sheets as of December 31, 2022, 2021, and 2020, and the related statements of operations, changes in stockholders' deficit, and cash flows for the years 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 Tasting Station, Inc. as of December 31, 2022, 2021, and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free 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 the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Kezas ¹/₃ Dunlavy

St. George, Utah
June 4, 2023

TASTING STATION, INC.
BALANCE SHEETS
As of December 31, 2022, 2021, and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 206,300	\$ 186,416	\$ 121,478
Accounts receivable, net	25,174	19,898	13,270
Inventory	18,771	18,771	18,771
Total current assets	<u>250,245</u>	<u>225,085</u>	<u>153,519</u>
Intangible assets, net	23,353	46,706	70,059
Total assets	<u>\$ 273,598</u>	<u>\$ 271,791</u>	<u>\$ 223,578</u>
Liabilities and Stockholders' Deficit			
Current liabilities			
Accounts payable	\$ 13,715	\$ 7,196	\$ 12,894
Related party payable	-	8,327	13,682
Gift card redemption liability	102,480	74,886	38,337
National advertising fund (NAF) liability	307,870	259,281	193,314
Total current liabilities	<u>424,065</u>	<u>349,690</u>	<u>258,227</u>
Total liabilities	<u>424,065</u>	<u>349,690</u>	<u>258,227</u>
Stockholders' deficit			
Common stock, no par value, authorized 1,000,000 shares; 1,000, 1,000, and 1,000 shares issued and outstanding December 31, 2022, 2021, and 2020, respectively	160,185	160,185	160,185
Accumulated deficit	<u>(310,652)</u>	<u>(238,084)</u>	<u>(194,834)</u>
Total stockholders' deficit	<u>(150,467)</u>	<u>(77,899)</u>	<u>(34,649)</u>
Total liabilities and stockholders' deficit	<u>\$ 273,598</u>	<u>\$ 271,791</u>	<u>\$ 223,578</u>

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

TASTING STATION, INC.
STATEMENTS OF OPERATIONS
For the years ended December 31, 2022, 2021, and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating revenue			
Royalties	\$ 286,339	\$ 244,241	\$ 256,748
In-kind revenue	29,508	29,083	29,196
National advertising fund	143,180	162,875	105,553
Total operating revenue	<u>459,027</u>	<u>436,199</u>	<u>391,497</u>
Operating expenses			
General and administrative	458,468	451,343	384,202
Advertising and marketing	51,990	48,045	49,396
Professional services	18,279	14,777	11,821
Depreciation and amortization	23,353	23,353	23,353
Operating expenses	<u>552,090</u>	<u>537,518</u>	<u>468,772</u>
Operating loss	(93,063)	(101,319)	(77,275)
Other income	20,495	58,069	58,332
Net loss	<u>\$ (72,568)</u>	<u>\$ (43,250)</u>	<u>\$ (18,943)</u>

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

TASTING STATION, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
For the years ended December 31, 2022, 2021, and 2020

	Common Stock	Accumulated Deficit	Total
Balances at January 1, 2020	\$ 160,185	\$ (175,891)	\$ (15,706)
Net loss	-	(18,943)	(18,943)
Balances at December 31, 2020	160,185	(194,834)	(34,649)
Net loss	-	(43,250)	(43,250)
Balances at December 31, 2021	160,185	(238,084)	(77,899)
Net loss	-	(72,568)	(72,568)
Balances at December 31, 2022	<u>\$ 160,185</u>	<u>\$ (310,652)</u>	<u>\$ (150,467)</u>

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

TASTING STATION, INC.
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2022, 2021, and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:			
Net loss	\$ (72,568)	\$ (43,250)	\$ (18,943)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	23,353	23,353	23,353
Change in operating assets and liabilities:			
Accounts receivable	(5,276)	(6,628)	(10,565)
Accounts payable	6,519	(5,698)	5,646
Related party payable	(8,327)	(5,355)	(1,355)
Gift card redemption liability	27,594	36,549	24,743
National advertising fund (NAF) liability	48,589	65,967	24,555
Net cash provided by operating activities	<u>19,884</u>	<u>64,938</u>	<u>47,434</u>
Net change in cash and cash equivalents	19,884	64,938	47,434
Cash and cash equivalents at beginning of period	186,416	121,478	74,044
Cash and cash equivalents at end of period	<u>\$ 206,300</u>	<u>\$ 186,416</u>	<u>\$ 121,478</u>
Supplementary disclosures of cash flows			
Cash paid for interest	\$ -	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -	\$ -

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

TASTING STATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022, 2021, and 2020

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

Tasting Station, Inc. (the “Company”) was incorporated on July 18, 2012 under the laws of the State of Iowa. The Company’s business was formed as a franchisor for the purpose of developing and selling franchises of “WineStyles Tasting Station” stores.

The WineStyles Tasting Station stores offer wine, beer, coffee, tea, chocolate, cheese, gourmet food items, gift baskets and related products sold through retail locations. The Company sells unit franchises as well as area developer franchises. The area developers assist the Company selling unit franchises and participate in revenue sharing generated in their area. Unit franchisees are given exclusive rights to operate WineStyles Tasting Station stores utilizing the concepts, methods, and techniques under the system created by the Company. When an area is sold, the area franchise fee is due upon execution of the area developer agreement. When a unit franchise is sold, the franchise fee is due upon execution of the unit franchise agreement.

The company uses the accrual basis of accounting for financial statement purposes, and their accounting period is the 12-month period ending December 31 of each year.

(b) Accounting Standards Codification

The Financial Accounting Standards Board (“FASB”) has issued the FASB Accounting Standards Codification (“ASC”) that became the single official source of authoritative U.S. generally accepted accounting principles (“GAAP”), other than guidance issued by the Securities and Exchange Commission (“SEC”), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) Reclassification

Certain items in the prior year have been reclassified to conform to the current year’s presentation.

(e) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of December 31, 2022, 2021, and 2020, the Company had cash and cash equivalents of \$206,300, \$186,416, and \$121,478, respectively.

(f) Inventory

The Company’s inventory consists of shelving to be sold to new franchisees. Management has analyzed the inventory balance and determined that no impairment is necessary as of December 31, 2022, 2021, and 2020. Inventory is measured at the lower of cost or net realizable value. The cost of inventory is determined based on the first-in, first out method.

TASTING STATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022, 2021, and 2020

(g) Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, and rebates from vendors. Accounts receivable are recorded at the invoiced amount and do not bear interest, although a finance charge may be applied to such receivables that are past the due date. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based on historical collections, customers' current creditworthiness, age of the receivable balance both individually and in the aggregate, and general economic conditions that may affect the customer's ability to pay. All account balances are reviewed on an individual basis. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. When recoveries of receivables previously charged off are made, they are recognized as income when payment is received. The Company concluded that all receivables were fully collectible as of December 31, 2022, 2021, and 2020 and consequently no allowance for doubtful accounts has been established. As of December 31, 2022, 2021, and 2020, the Company had net accounts receivable of \$25,174, \$19,898, and \$13,270, respectively.

(h) Property and Equipment

Property and equipment are recorded at historical cost and depreciated using the straight-line method over the estimated useful lives of the assets. The useful lives generally range 5-15 years. Routine maintenance and repairs are charged to expense in the year incurred.

(i) Long Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Company looks primarily to the estimated undiscounted future cash flows in its assessment of whether or not long-lived assets have been impaired.

The Company has recorded intangible assets related to franchise contracts purchased on during the year ended December 31, 2014, which are being amortized over their estimated useful life of ten years. As of December 31, 2022, 2021, and 2020, the Company determined there was no impairment of intangible assets.

(j) Gift Card Redemption Liability

The gift card redemption liability consists of Company-wide activated gift cards that have not been redeemed as of year-end. They are recorded as a liability until redeemed. As of December 31, 2022, 2021, and 2020, the amount of outstanding gift cards was \$102,480, \$74,886, and \$38,337, respectively.

(k) Revenue Recognition

The Company's revenues consist of initial franchise fees, royalties based on a percentage of gross revenues, and marketing fees. In-kind revenue includes the value of service provided to the non-converting franchisees in accordance with terms of the Intellectual Property Licensing and Asset Purchase Agreement.

On January 1, 2020, the Company adopted ASC 606, *Revenue from Contracts with Customers* using the modified retrospective method. This method allows the standard to be applied retrospectively through a cumulative catch-up adjustment recognized upon adoption. As such, comparative information in the Company's financial statements has not been restated and continues to be reported under the accounting standards in effect for those periods. Management determined that the effect of adopting ASC 606 did not have a material effect on the Company's financial statements.

The Company recognizes revenue in accordance with ASC 606, *Revenue from Contracts with Customers*. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer

TASTING STATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022, 2021, and 2020

in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the transaction price and the Company's performance obligations. Upon evaluation of the five step process, management has determined that royalties and marketing fees are to be recognized in the same period as the underlying revenues. In allocating the transaction price and recognizing the revenue associated with initial franchise fees, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. These pre-opening services include the following:

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

The Company has determined that the fair value of pre-opening services exceeds the initial fees received; as such, the initial fees are allocated to the pre-opening services, which are recognized as revenue upon commencement of operations.

(l) Advertising Fund

Advertising fees paid by the franchisees are accounted for by the Company separately from other funds and are not to be used to defray the Company's general operating expenses, except for salaries, administrative costs, and overhead that the Company incurs in activities related to the administration of the marketing fund. As of December 31, 2022, the Company's reimbursement rate is 30% of all advertising funds collected from franchisees. Advertising and marketing expenses recorded for the years ended December 31, 2022, 2021, and 2020 were \$51,637, \$48,045, and \$49,396, respectively. The Company expenses its advertising and marketing costs as incurred. The Company's national advertising fund liability as of December 31, 2022, 2021, and 2020 was \$307,870, \$259,281, and \$193,314, respectively.

(m) Income Taxes

The Company has elected S corporation status. The Company, with the consent of its stockholders, has elected to be taxed under sections of the federal and state income tax laws, which provide that, in lieu of corporation income taxes, the stockholder is taxed on their proportionate shares of the Company's taxable income. Therefore, these statements do not include any provision for corporation income taxes. The Company distributes the amounts necessary for the stockholder to pay the individual income tax on this income in the form of wages or distributions. The Company also operates in states that have minimum tax provisions which have been included in these financial statements.

The Company follows the guidance under ASC 740, *Accounting for Uncertainty in Income Taxes*. ASC 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions

TASTING STATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022, 2021, and 2020

taken by the Company, the additional income taxes, if any, would be imposed on the members rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2022, the 2021, 2020, and 2019 tax years are subject to examination.

(n) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

(o) Concentration of Risk

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) Intangible Assets

Intangible assets consisted of the following as of December 31, 2022, 2021, and 2020:

	2022	2021	2020
Franchise agreements	\$ 233,530	\$ 233,530	\$ 233,530
Less: accumulated amortization	(210,177)	(186,824)	(163,471)
	\$ 23,353	\$ 46,706	\$ 70,059

Amortization expense for the years ended December 31, 2022, 2021, and 2020 was \$23,353.

(3) Related Party Transactions

The Company leases office space from a related party in West Des Moines, Iowa under a month-to-month arrangement. Total rent expense paid to the related party for the year ended December 31, 2022, 2021, and 2020 was \$29,980, \$29,040, and \$29,040, respectively.

In prior years, the Company received funds from a related party. The amount did not accrue interest and was due upon demand. During the year ended December 31, 2022, the loan was repaid in full and had no balance as of December 31, 2022. As of December 31, 2021 and 2020, the amount due to the related party was \$8,327 and \$13,682, respectively.

(4) Notes Payable

On April 21, 2020, the Company entered into a note payable with a third-party financial institution as part of the Payroll Protection Program administered by the United States Small Business Administration ("SBA"). The loan had an initial principal balance of \$53,669, accrued interest at an annual rate of 1%, and had a maturity date of April 21, 2022. As of December 31, 2020, the Company was in compliance with all guidelines for receiving forgiveness on the loan. In accordance with ASC 450-30, the Company has recognized the balance as other income during the year ended December 31, 2020. Forgiveness was obtained during the year ended December 31, 2021.

On February 12, 2021, the Company entered into a note payable with a third-party financial institution as part of the Payroll Protection Program administered by the United States Small Business Administration ("SBA"). The loan had an initial principal balance of \$58,603, accrued interest at an annual rate of 1%, and had a maturity date of

TASTING STATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022, 2021, and 2020

February 12, 2023. The Company obtained forgiveness during the year ended December 31, 2021 and has recorded the amount in other income.

(5) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is “probable” and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is “probable” but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is “reasonably possible,” disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are “remote” are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

On March 11, 2020, the World Health Organization classified the outbreak of a new strain of the coronavirus (“COVID-19”) as a pandemic. The COVID-19 outbreak in the United States began in mid-March 2020 and has continued through 2022 and subsequent to the fiscal year end. It is continuing to disrupt supply chains and affect production and sales across a range of industries. Management believes the pandemic has had a material effect on the Company’s operations, reducing revenue from both new and existing franchisees. The extent of the impact of COVID-19 on the Company’s future operational and financial performance continues to evolve and will depend on certain ongoing developments, including the duration and spread of the outbreak, impact on the Company’s customers and vendors all of which are uncertain and cannot be reasonably estimated. At this point, the full extent to which COVID-19 may impact the Company’s future financial condition or results of operations is uncertain.

(6) Subsequent Events

Management has reviewed and evaluated subsequent events through June 4, 2023, the date on which the financial statements were issued.

WineStyles Tasting Station
Balance Sheet
 As of March 31, 2023

	Mar 31, 23
ASSETS	
Current Assets	
Checking/Savings	
Great Southern - Gift Cards	88,230.46
Great Southern - NAF	680.81
Great Southern - Operating	76,665.93
Total Checking/Savings	165,577.20
Accounts Receivable	
Accounts Receivable	5,574.00
Total Accounts Receivable	5,574.00
Other Current Assets	
ERC Receivable	14,844.84
WineStyles Asset	18,771.03
Total Other Current Assets	33,615.87
Total Current Assets	204,767.07
Fixed Assets	
Accumulated Amortization	-210,177.33
Accumulated Depreciation	-21,515.00
Furniture and Equipment	21,515.00
WineStyles Fixed Asset	233,530.00
Total Fixed Assets	23,352.67
Other Assets	
Gift Card Rec due from Fran'ees	4,340.80
Total Other Assets	4,340.80
TOTAL ASSETS	232,460.54
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	7,616.75
Total Accounts Payable	7,616.75
Credit Cards	
Mastercard-TS	9,376.21
Total Credit Cards	9,376.21
Other Current Liabilities	
401(K) Payable	462.00
Gift Card Liability	102,480.38
NAF-Liability	307,870.20
Total Other Current Liabilities	410,812.58
Total Current Liabilities	427,805.54
Long Term Liabilities	
Due to Bryan	54,569.88
Loan from Bryan/Andrea	-99,654.72
Total Long Term Liabilities	-45,084.84
Total Liabilities	382,720.70

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

9:09 AM

07/22/23

Accrual Basis

WineStyles Tasting Station

Balance Sheet

As of March 31, 2023

	<u>Mar 31, 23</u>
Equity	
APIC	159,184.64
Common Stock	1,000.00
Owner Draw	-73,163.25
Retained Earnings	-237,488.90
Net Income	<u>207.35</u>
Total Equity	<u>-150,260.16</u>
TOTAL LIABILITIES & EQUITY	<u><u>232,460.54</u></u>

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Tasting Station, Inc.

LIST OF EXISTING FRANCHISEES

EXHIBIT G

UNIT FRANCHISE AGREEMENTS

First Name	Last Name	Street	City	State	Zip	Store Phone	Email
Emily	Wilderman	6182 Northwest Hwy	Chicago	IL	60631	847-518-9463	ewilderman@winestyles.com
Amanda	Smith-Griffieon	1450 SW Vintage Parkway, Ste 170	Ankeny	IA	50023	515-963-9463	ankeny@winestyles.com
Christine	McLaughlin	4201 42 nd St NE, Ste 170	Cedar Rapids	IA	52402	319-200-4171	cedarrapis@winestyles.com
Kelsey	Foster	920 E. 2 nd Ave., Ste 115	Coralville	IA	52241	319-337-9463	coralville@winestyles.com
Allan & Gina	Graham	8460 Birchwood Ct., Ste 500	Johnston	IA	50131	515-334-9463	agraham@winestyles.com
*Bryan & Andrea	McGinness	5515 Mills Civic Pkwy, Ste 120	West Des Moines	IA	50266	515-224-9463	bmcginness@winestyles.com
Ata	Rodgers	1006 S. 74th Plaza	Omaha	NE	68114	531-721-2099	pacific@winestyles.com
Kumar	Bhardwaj	3326 W. Friendly Avenue, Ste 141	Greensboro	NC	27410	336-299-4505	kbhardwaj@winestyles.com
Sandy	Stevens	25031 Riding Plaza, Ste 110	Chantilly	VA	20152	703-327-9463	s.stevens@winestyles.com
George/Arthur/ Michael	Lampros	4394 Kevin Walker Dr	Montclair	VA	22025	703-583-9463	alampros@winestyles.COM
Damon	Scarborough	2824 Prairie Lakes Drive, #105	Sun Prairie	WI	53590	608-665-2675	sunprairie@winestyles.com

*Corporate Location



Tasting Station, Inc.

LIST OF FRANCHISEES WHO LEFT THE SYSTEM

EXHIBIT H

FRANCHISEES WHO LEFT THE SYSTEM

NONE



Tasting Station, Inc.

PRE-AUTHORIZED "ACH" FORM

EXHIBIT I

**PRE-AUTHORIZED ACH
FORM**

AUTHORIZATION TO HONOR ELECTRONIC FUNDS TRANSFERS DRAWN BY AND PAYABLE TO:
Tasting Station, INC

1. BANK ACCOUNT IN THE NAME OF:	2. BANK ACCT. NO:
3. BANK ROUTING NO:	

To the Bank Designated:

You are hereby requested and authorized to honor and to charge to the account described, Automated Clearing House (“ACH”) or checks drawn on such account which are payable to the above named Payee. It is agreed that your rights with respect to each such “ACH” transfer or check shall be the same as if it were a check bearing a signature authorized for such account. It is further agreed that if any such electronic funds transfer or check is not honored, whether with or without cause you shall be under no liability whatsoever. This authorization shall continue in force until such revocation in writing is received by you.

4. _____
DATE

5. _____
NAME OF FRANCHISEE (please print)

SIGNATURE OF FRANCHISEE

6. FULL NAME OF BANK:

7. STREET ADDRESS:

8. CITY, STATE AND ZIP CODE:

Drawee Bank Please Note: There is an Indemnification Agreement Below:

Indemnification Agreement

To The Bank Designated:

In consideration of your compliance with the request and authorization printed on the Authorization Form hereof, the Payee agrees with respect to any such action:

- (1) To indemnify you and hold you harmless from any loss you may suffer as a consequence of your actions resulting from or in connection with the execution and issuance of any “ACH” funds transfer or check, whether or not genuine, purporting to be executed by the payee and received by you in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.
- (2) To indemnify you for any loss arising in the event that any such “ACH” funds transfer or check shall be dishonored, whether with or without cause and whether intentionally or inadvertently.
- (3) To defend at our own cost and expense any action which might be brought by any depositor or any other persons because of your actions taken pursuant to the foregoing request, or in any manner arising by reason of your participation.

**NOTICE TO
OWNER**

1. ATTACH ONE "SPEC SHEET" SHOWING ABA # AND ACCOUNT NUMBER OR VOIDED CHECK.
2. BE SURE ALL 8 SPACES ABOVE ARE COMPLETED.
3. RETURN ON SIGNED COPY PER FRANCHISE.
4. MANUAL SIGNATURE REQUIRED ON EACH FORM.



Tasting Station, Inc.

INDUSTRY SPECIFIC LICENSES REQUIRED

EXHIBIT J

You may be required to obtain from the nearest office of your state's Department of Alcoholic Beverage Control ("**ABC**") an appropriate On and Off premises - Sale of Beer and Wine License. Although you are not a bar or tavern, this license is the most appropriate one for you to obtain in order for you to conduct all aspects of the Franchised Business. You cannot allow minors on the portion of the premises where and when you are conducting wine tastings.

You will have to appear at the office to make the application for the licenses. You will be required to complete a personal history affidavit, be fingerprinted and pay a fee. During the build out process, a Public Notice of Application to the ABC for your license will be posted (for 30 days).

You will also need to contact the United States Treasury Department, Division of Alcohol, Tobacco and Firearms to determine if a Federal Occupational Tax Stamp is necessary.

You will also need to obtain a seller's permit and a business license from the city (or county) where your WineStyles/Tasting Station Store is located.

There may be other industry specific licenses or permits required for you to operate a WineStyles Tasting Station® Store in your state.



Tasting Station, Inc.

STATE SPECIFIC ADDENDA AND RIDERS

EXHIBIT K

**ADDENDUM TO THE
TASTING STATION, INC.
ILLINOIS DISCLOSURE DOCUMENT**

The following paragraphs are added to the Disclosure Document:

The following statement is added to Item 5 of the Disclosure Document:

“Franchisor agrees to defer collection of the initial fees until Franchisor has performed all of its pre-opening obligations and franchisee has opened its franchise business. The Illinois Attorney General’s Office has imposed this deferral requirement due to the Franchisor’s financial condition.”

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue 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.

**ILLINOIS RIDER TO THE
FRANCHISE AGREEMENT**

This Rider is entered into this _____, 20_ (the “**Effective Date**”), between **TASTING STATION, INC.**, an Iowa corporation (“**we**,” “**us**,” “**our**” or “**Franchisor**”), with its principal business address at 5515 Mills Civic Pkwy, #120, West Des Moines, Iowa 50266, and _____, a _____ whose principal business address is _____ (referred to in this Rider as “**you**,” “**your**” or “**Franchisee**”) and amends the Franchise Agreement between the parties dated as of the Effective Date, (the “**Agreement**”).

This Rider is an integral part of, and is incorporated into, the Agreement. It supersedes any inconsistent or conflicting provisions of the Agreement.

Section 3 of the Franchise Agreement is amended by the following statement:

“Franchisor agrees to defer collection of the initial fees until Franchisor has performed all of its pre-opening obligations and franchisee has opened its franchise business. The Illinois Attorney General’s Office has imposed this deferral requirement due to the Franchisor’s financial condition.”

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue 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.

The conditions under which your franchise can be terminated and your rights upon non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act (815 ILCS 705/19, 20).

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

TASTING STATION, INC.

YOU

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

ILLINOIS RIDER
TO THE RIGHT OF
FIRST REFUSAL AGREEMENT

This Rider is entered into this _____, 20__ (the “Effective Date”), between **TASTING STATION, INC.**, an Iowa corporation (“we,” “us,” “our” or “Franchisor”), with its principal business address at 5515 Mills Civic Pkwy, #120, West Des Moines, Iowa 50266, and _____, a _____ whose principal business address is _____ (referred to in this Rider as “you,” “your” or “Franchisee”) and amends the Area Development Agreement between the parties dated as of the Effective Date, (the “Agreement”).

This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement.

Section 1 of the Right of First Refusal Agreement is amended by the following statement:

“Franchisor agrees to defer collection of the initial fees until Franchisor has performed all of its pre-opening obligations and franchisee has opened its franchise business. The Illinois Attorney General’s Office has imposed this deferral requirement due to the Franchisor’s financial condition.”

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue 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.

The conditions under which your franchise can be terminated and your rights upon non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act (815 ILCS 705/19, 20).

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

TASTING STATION, INC.

YOU

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____



Tasting Station, Inc.

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EXHIBIT L



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Tasting Station, Inc.

SAMPLE RELEASE OF CLAIMS

EXHIBIT M

SAMPLE RELEASE OF CLAIMS

For and in consideration of the Agreements and covenants described below, Tasting Station, INC. ("Franchisor") and _____ ("Franchisee") enter into this Release of Claims ("Agreement").

RECITALS

- A. Franchisor and Franchisee entered into a WINESTYLES TASTING STATION® Franchise Agreement dated _____, _____.
- B. [NOTE: Describe the circumstances relating to the release.]
- C. Subject to and as addressed with greater specificity in the terms and conditions set forth below, Franchisor and Franchisee now desire to settle any and all disputes that may exist between them relating to the Franchise Agreement.

AGREEMENTS

1. **Consideration.** [NOTE: Describe the consideration paid.]
- 2-3. [NOTE: Detail other terms and conditions of the release.]
4. **Release of Claims by Franchisor.** Except as noted in this Section 4, and subject to your compliance with the terms and conditions of this Agreement, including the payment of \$__ to Franchisor, Franchisor, for itself, its predecessors, successors, assigns, affiliates, directors, officers, shareholders, and employees (collectively and individually referred to as the "Franchisor Parties"), hereby release and forever discharge Franchisee, its heirs, successors and assigns, affiliates, directors, officers and shareholders, and any other party claiming an interest through them (collectively and individually referred to as the "Franchisee Parties") from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which you may now or in the future own or hold, that in any way relate to the Franchise Agreement (collectively, "Claims"), for known or unknown damages or other losses including but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise Agreement or any other related agreement between you and Franchisor or your affiliate and Franchisor.

The Franchisor Parties do not release the Franchisee Parties from any obligations arising by virtue of this Agreement and the Franchisee Parties' failure to comply with those obligations. Further, the Franchisor Parties do not release the Franchisee Parties from any Claims related to Franchisee's (i) indemnification obligations under Section ___ of the Franchise Agreement, (ii) non-disclosure obligations under Section ___ of the Franchise Agreement, and (iii) post-termination non-compete obligations under Section ___ of the Franchise Agreement, each of which remain in full force and effect and are incorporated by reference in this Agreement.

5. **Release of Claims by Franchisee.** In consideration of the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, the Franchisee Parties release and forever discharge the Franchisor Parties of and from any and all Claims, for known or unknown damages or other losses including but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise Agreement or any other related agreement between you and Franchisor or your affiliate and Franchisor.

The Franchisee Parties do not release the Franchisor Parties from any obligations arising by virtue of this Agreement and the Franchisor Parties' failure to comply with those obligations. Further, the

Franchisee Parties and the Franchisor Parties acknowledge that the release set forth in this Section 5 does not release the Franchisor Parties from any liability under the Maryland Franchise Registration and Disclosure Law.

6. **Acknowledgement.** The releases of Claims set forth in Section 4 and Section 5 are intended by the Franchisor Parties and the Franchisee Parties (collectively, the "Parties") to be full and unconditional general releases, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the one of the Parties against the other Party regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, the Parties acknowledge that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Parties' respective intentions to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. This Release is and shall be and remain a full, complete and unconditional general release. The Parties further acknowledge and agree that no violation of this Agreement shall void the releases set forth in this Agreement.

7. **Reservation of Claims Against Non-Settling Parties.** Franchisor and Franchisee expressly reserve their right and claims against any non-settling persons, firms, corporations, or other entities for whatever portion or percentage their damages are found to be attributable to the wrongful conduct of said non-settling parties.

8. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties relative to the subject matter contained herein, and all prior understandings, representations and agreements made by and between the parties relative to the contents contained in this Agreement are merged into this Agreement.

9. **Voluntary Nature of Agreement.** The parties acknowledge and agree that they have entered into this Agreement voluntarily and without any coercion. The parties further represent that they have had the opportunity to consult with an attorney of their own choice, that they have read the terms of this Agreement, and that they fully understand and voluntarily accept the terms.

10. **Governing Law and Jurisdiction.** This Agreement will be construed and enforced in accordance with the law of the state of Iowa.

11. **Attorneys' Fees.** All rights and remedies under this Agreement shall be cumulative and none shall exclude any other right or remedy allowed by law. In the event of a breach of this Agreement that requires one of the parties to enforce the terms and conditions of this Agreement, the non-prevailing party shall pay the prevailing party's attorneys' fees and costs incurred by reason of the breach.

TASTING STATION, INC.

FRANCHISEE

BY: _____

BY: _____

ITS: _____

ITS: _____

DATE: _____

DATE: _____



Tasting Station, Inc.

STATE EFFECTIVE DATES

EXHIBIT N

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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 Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

STATE	EFFECTIVE DATE
ILLINOIS:	[PENDING]
VIRGINIA:	[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.



Tasting Station, Inc.

RECEIPTS

EXHIBIT O

RECEIPTS

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Tasting Station, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale. Under Illinois, Iowa, Maine, Nebraska, New York, Oklahoma, Rhode Island or South Dakota law, if applicable, we must provide this Disclosure Document to you at your first personal meeting to discuss the franchise.

If Tasting Station, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency.

The franchisor is Tasting Station, Inc, located at 5515 Mills Civic Pkwy, #120, West Des Moines, Iowa 50266. Its telephone number is (515) 224-9463.

The name, principal business address and telephone number of each franchise seller offering the franchise: Bryan McGinness and Tasting Station, Inc, located at 5515 Mills Civic Pkwy, #120, West Des Moines, Iowa 50266, telephone (515) 224-9463 and: _____

[Any other franchise seller involved in a particular franchise transaction must be disclosed here before the Disclosure Document is given to the prospective franchisee.]

Issuance Date: July 21, 2023

See Exhibit D for our registered agents authorized to receive service of process.

I have received a Disclosure Document effective July 21, 2023 (see state effective dates on State Cover Page). This Disclosure Document included the following exhibits:

- "A" Unit Franchise Agreement and Exhibits
- "B" Franchise Disclosure Questionnaire
- "C" Right of First Refusal Agreement
- "D" List of State Franchise Administrators / Agents for Service of Process
- "E" Area Developer Disclosures
- "F" Financial Statements of Tasting Station, LLC
- "G" List of Existing Franchisees
- "H" List of Franchisees Who Have Left the System
- "I" Pre-Authorized "ACH" Form
- "J" Industry Specific Licenses Required
- "K" State Specific Addenda and Riders
- "L" Table of Contents of the Manuals
- "M" Sample Release of Claims
- "N" State Effective Dates
- "O" Receipts

Date _____ Franchisee _____

 Print Name _____

 Telephone _____

Franchisee's Copy

RECEIPTS

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Tasting Station, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale. Under Illinois, Iowa, Maine, Nebraska, New York, Oklahoma, Rhode Island or South Dakota law, if applicable, we must provide this Disclosure Document to you at your first personal meeting to discuss the franchise.

If Tasting Station, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency.

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- "O" Receipts

Franchisee

Date _____

Print Name

Telephone

Franchisor's Copy