

## FRANCHISE DISCLOSURE DOCUMENT

DonutNV Franchising, Inc.  
A Florida corporation  
9101 International Dr., Suite 1304  
Orlando, FL 32819  
1.833.DonutNV  
franchise@donutnv.com  
www.donutnvfranchising.com



As a “DonutNV” franchisee, you will operate an interactive mobile mini donut making business, specializing in preparing, cooking, and serving mini donuts, along with other food items and specialty beverages, via a customized vehicle trailer, for catering to parties, corporate events, and other events or at recurring site locations, under the trade name “DonutNV”.

The total investment necessary to begin operation of a DonutNV franchise is \$185,075 to \$253,525. This includes \$176,400 to \$206,400 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation under a three-territory Development Rights Rider (including the first unit) is \$245,075 to \$313,525. This includes \$206,400 to \$324,900 that must be paid to the franchisor or affiliate. You must develop at least two DonutNV units under the Development Rights Rider.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact Alex Gingold at 9101 International Dr., Suite 1304, Orlando, FL 32819 and 1.833.DonutNV.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC- HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW. Washington, D.C. 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

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

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This Franchise*

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

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

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.

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

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

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

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

- (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General  
G. Mennen Williams Building, 7th Floor  
525 W. Ottawa Street  
Lansing, Michigan 48909  
Telephone Number: (517) 373 7117

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### **Exhibits**

- A. State Administrators and Agents for Service of Process
  - B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
  - C. Development Rights Rider
  - D. Financial Statements
  - E. Operations Manual Table of Contents
  - F. Current and Former Franchisees
  - G. State Addenda to Disclosure Document
  - H. State Addenda to Franchise Agreement
  - I. Form of General Release
  - J. Trailer Package
  - K. Purchase and Sale Agreement for Mobile Kitchen
  - L. Deposit Agreement
- State Effective Dates  
Receipt (2 copies)

## Item 1

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

In this disclosure document, “we”, “us,” or “our” refers to DonutNV Franchising, Inc. “You” means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement, which means that all of the franchise agreement’s provisions also will apply to your owners.

#### Us, Any Parents, and Certain Affiliates

Our name is DonutNV Franchising, Inc. We are a Florida corporation. We were formed on February 26, 2018 as a Pennsylvania corporation, and converted into a Florida corporation on February 21, 2023. Our principal business address is 9101 International Dr., Suite 1304, Orlando, FL 32819. We do not have any parent entities. We do not have any affiliates that offer franchises in any line of business.

Our affiliate Keystone Manufacturing LLC will sell your trailer package (custom vehicle trailer, equipment, signage, and substantially all supplies and inventory) to you. This affiliate’s business address is 804 W. Mitchell St., Adel, Georgia, 31620. Alternately, you can purchase the trailer package from our affiliate Keystone Amusements Provisioning, LLC, which will source the vehicle trailer from a third-party manufacturer. Keystone Amusements Provisioning, LLC is also the sole vendor of any future donut machines you purchase. This affiliate has the same business address as us.

Our affiliate Keystone Amusements IP Holdings, LLC, owns the “DonutNV” trademarks. This affiliate has the same business address as us.

We do not have any predecessors.

We use the names “DonutNV Franchising, Inc.” and “DonutNV”. We do not intend to use any other names to conduct business.

Our agents for service of process are disclosed in Exhibit A.

We (that is, DonutNV Franchising, Inc.) do not operate businesses of the type being franchised. We do not have any other business activities. We have not offered franchises in other lines of business.

#### The Franchise Offered

If you sign a franchise agreement with us, you will develop and operate an interactive mobile business specializing in preparing, cooking, and serving mini donuts, along with other food items and specialty beverages, via a mobile customized vehicle trailer for catering to parties, corporate events, and other events or at recurring site locations. You must use the specialized DonutNV vehicle trailer for all business that you conduct. The DonutNV business is usually



operated to vend at public events that operate for less than 30 days at a time, and to cater at private and corporate events.

If you sign a Development Rights Rider (attached as Exhibit C to this disclosure document), you will develop at least two DonutNV territories and at least two DonutNV trailers, on an agreed-upon schedule. For each future franchise, we will require you to sign our then-current form of franchise agreement, which will be modified so that you will pay the same royalty fees and brand fund contribution as your first franchise agreement (but otherwise may be different than the original Franchise Agreement that you signed).

There are two DonutNV “brick-and-mortar” stores operated by franchisees in Pottstown, Pennsylvania, and in Clermont, Florida. However, we are not currently offering franchises to operate as a “brick-and-mortar” fixed retail business.

The mobile unit may be stored at a commercial or residential location (unless local laws do not permit storage at your residence). You must also have at least 100 square feet of dry, secure storage. The business does not require a publicly accessible office, so you may conduct the administrative functions from a home office if local laws so allow.

The market for food trucks and other mobile food service businesses in general is well established and competitive. The specific market for mobile donut food trucks, and specifically franchised food trucks, is new and developing. Sales are somewhat seasonal, as outdoors events depend on appropriate weather.

You will compete against other food trucks and mobile food services business. Some of our competitors are based out of restaurants and have much larger financial resources. There are few competitors specifically focused on mobile donut offerings.

### Laws and Regulations

The food service industry has certain laws and regulations specific to it. The U.S. Food and Drug Administration, the U.S. Department of Agriculture, and various state and local health departments administer and enforce laws and regulations that govern food preparation and service, waste disposal, and sanitary conditions. State and local agencies inspect food service businesses for compliance with these requirements. In most jurisdictions, you will need a license specific to mobile food service. Federal and state regulations impose specific requirements on the construction, maintenance, and operating condition of your unit. Some jurisdictions have regulations specific to management of food service workers, including wages and tips.

In most jurisdictions, you will need to use a commercial kitchen or commissary that complies with all applicable laws and has all applicable permits.

In some jurisdictions, one of the requirements for a permit is that all equipment be certified by an independent testing service such as NSF International. Our donut machines currently do not have NSF certification. The machines have the “Eurasian Conformity Mark” (EAC), which is accepted in most jurisdictions that require a certification. The Eurasian Conformity mark certifies that products conform to all technical regulations of the Eurasian

Customs Union. If your jurisdiction does not permit the standard DonutNV donut machine, then we will substitute a different machine, and you will be responsible for any additional cost.

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

### Business Experience

We have offered franchises since 2018.

Alex Gingold founded Keystone Amusements LLC in 2010. The entity supplied coin operated vending and amusement machines to businesses. The entity operated solely in the amusements business until April 2014. At that time, Keystone Amusements LLC ceased operating as an amusements company and began operating a mobile mini donut business similar to the franchise offered, under the brand name “Cinnamini Donuts”. In 2018, our owners rebranded the concept as “DonutNV” (and ceased using the brand name “Cinnamini Donuts”). Keystone Amusements LLC currently operates a DonutNV trailer based in Pottstown, Pennsylvania. DonutNV was originally based in Pottstown, Pennsylvania. We relocated to the Orlando, Florida metro area in 2021.

## **Item 2 BUSINESS EXPERIENCE**

**Alex Gingold – Chief Executive Officer.** Alex Gingold has been Chief Executive Officer of DonutNV in Orlando, FL (and previously Pottstown, PA) since February 2018. He has also been a member of our Board of Directors since February 2018.

**Amanda Gingold – Chief Operating Officer.** Amanda Gingold has been Chief Operating Officer of DonutNV in Orlando, FL (and previously Pottstown, PA) since February 2018.

## **Item 3 LITIGATION**

No litigation is required to be disclosed in this Item.

## **Item 4 BANKRUPTCY**

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

## **Item 5 INITIAL FEES**

### Franchise Fee

When you sign your franchise agreement, you must pay us a franchise fee of \$59,500 for a territory with up to 100,000 people. If your territory is larger than 100,000 people, the fee will increase by \$0.50 per person. In 2022, these fees ranged from \$0 to \$198,000 (for multiple territories). The franchise fee is not refundable.

We offer a \$5,000 discount on your first territory to qualifying military veterans. The military discount is available to veterans who have received a discharge (other than dishonorable) as well as any active-duty personnel. If the franchisee is a corporation, limited liability company, or other legal entity, the veteran participant must have at least 51% ownership interest in the entity to qualify for this discount. To receive the discount, you must provide us a copy of form DD-214, reflecting your military status, before the Franchise Agreement is signed. This discount does not apply to additional territories purchased by a qualifying veteran, nor does it apply to the cost of your trailer or any other item purchased from us or our affiliates.

### Trailer, Equipment, Signage, and Supplies

You will order your DonutNV vehicle trailer, outfitted with all equipment, signage, and substantially all supplies and inventory (such as donut machines, refrigerated beverage dispenser, mixer, juicer, hot beverage machines, food containers, utensils, small wares, and proprietary donut mix) from either our affiliate Keystone Manufacturing LLC or our affiliate Keystone Amusements Provisioning, LLC. The cost will be \$114,650 to \$124,650. (The cost is \$114,650 as of the date of this disclosure document, but we reserve the right to raise or lower the cost if there are changes in prices charged to our affiliate from suppliers and vendors.) If upfits are necessary for your trailer to comply with your local and state requirements the additional cost will range up to \$20,000. See Exhibit J to this disclosure document for the trailer package. You must order your trailer (and sign a Purchase and Sale Agreement as shown in the form attached as Exhibit I) when you sign your franchise agreement or within 90 days thereafter. You will pay 50% of the cost of the trailer upon signing, with the balance due seven days prior to when the trailer is ready to be delivered to you. Neither payment is refundable.

### Technology Setup and Marketing Package

You will pay us a \$2,250 technology setup and marketing package fee upon signing the Franchise Agreement. We will provide you with an iPad tablet and certain software and services, as well as marketing postcards and business cards. This fee is not refundable.

### Multi-Territory Development

If you sign a Development Rights Rider to the Franchise Agreement (or if you sign multiple Franchise Agreements at the same time), you will purchase multiple territories (of up to 100,000 people each) and commit to operating multiple DonutNV trailers on an agreed schedule. Your fees for multiple territories will be as follows:

Two Franchise Territories: \$89,500  
 Three Franchise Territories: \$119,500  
 Four Franchise Territories: \$149,000  
 Five Franchise Territories: \$178,000

If you buy four or five territories, you must start your business with at least two Franchise Agreements and two trailers (instead of one). For each additional two territories you buy after the first four, you must start with an additional Franchise Agreement and trailer (for example, if you buy six or seven territories, you must start with three Franchise Agreements and three trailers).

All fees are payable in full upon signing the Development Rights Rider. These fees are uniform and are not refundable.

Territory Deposit

If you desire to reserve a territory while you seek to obtain financing and other initial activities, we and you may mutually agree to enter into a Franchise Deposit Agreement in the form attached as Exhibit L to this disclosure document. Under the Franchise Deposit Agreement, you will make a \$5,000 deposit with us and reserve a territory for a period of time. The deposit will be applied to your franchise fee if and when you enter into a franchise agreement. The deposit is refundable only if you and we do not sign a standard DonutNV franchise agreement because we decide not to proceed with a Franchise Agreement with you, or because if we would be in violation of applicable law by executing a Franchise Agreement with you.

**Item 6  
OTHER FEES**

| Type of Fee             | Amount  | Due Date                                 | Remarks   |
|-------------------------|---|--|---|
| Royalty                 | Year 1: \$125 per week per unit<br>Year 2: \$136 per week per unit<br>Year 3 through end of term: \$146 per week per unit | Each Tuesday for the prior week          | A “unit” is your initial DonutNV trailer and any other vehicle, trailer, or other unit for serving DonutNV products.<br>See Notes 1, 2, and 3.  |
| Brand Fund Contribution | Flat rate of \$200 per month per unit   | The first Tuesday of each calendar month | See Notes 1, 2, and 3.  |
| Technology fee          | Currently, \$250 per month per unit   | The first Tuesday of each calendar month | We reserve the right to charge a commercially reasonable fee for software and other technology products and services we provide. In exchange for the Technology Fee, we currently provide you with access to our proprietary system for |

| Type of Fee  | Amount   | Due Date                                     | Remarks  |
|--|--|--|--|
|  |  |  | <p>managing event leads, access to SOCi, DonutNV.com web management, one email address per open unit, access to the merchandise ordering portal, access to our online operations manual and training program, and data service for your DonutNV iPad.</p> <p>The technology fee will not necessarily be a pass-through of our exact costs. We may add, remove, or alter the software or technology products or services that we provide. We may increase this fee after 30 days' prior notice.</p> <p>See Notes 1 and 2.</p> |
| Breach of territory fee                                    | \$1,000 per violation.   | Upon demand                                  | Payable to us if you serve a customer or event inside the protected territory of another DonutNV operator. We may direct the funds at our option. Payable per day of violation.  |
| Local advertising, marketing, and promotional expenditures | Minimum of \$600 per year per unit   | Yearly                                       | Paid to third parties, not to us.  |
| Renewal fee  | 25% of the then current franchise fee (but not less than \$10,000)   | Upon signing a successor franchise agreement |  |
| Non-compliance fee   | \$250  | On demand                                    | We may charge you \$250 if your business is not in compliance with our system specifications or the franchise agreement and you fail to correct the non-compliance after 30 days' notice. Thereafter, we may charge you \$250 per week until you correct such non-compliance.  |
| Late fee   | \$25 per day plus interest on the unpaid amount at a rate equal to 12% per year (or, if such payment exceeds the maximum allowed | On demand                                    | We may charge a late fee if you fail to make a required payment when due.  |

| Type of Fee                              | Amount   | Due Date                    | Remarks  |
|--|--|-----------------------------|--|
|  | by law, then interest at the highest late fee and interest rate allowed by law)  |                             |  |
| Transfer fee                             | \$10,000 (plus any broker fees incurred by us)   | When transfer occurs        | Payable if you sell your business.   |
| Change of territory fee                  | \$3,000  | On demand                   | You do not have the right to change your territory. If you request a change in territory, we may reject the request or approve it subject to conditions, including payment of this fee.  |
| Testing or supplier approval fee         | \$150  | Prior to testing            | Payable if you request that we test a new product or supplier. We will refund this fee if we approve the product or supplier for use by the entire system.   |
| Loss or Misappropriation of Manual       | \$750  | On demand                   | Payable if you lose, give away, make unauthorized copies, fail to return or otherwise misappropriate all or some of our confidential Operations Manual.  |
| Management fee                           | 40% of gross sales plus our expenses   | Monthly                     | We have the right to temporarily manage your business and charge this fee if (i) you die or become incapacitated, or (ii) you operate the business in a dangerous manner.  |
| Additional initial training attendee fee | Currently, \$500 per person for each person you send to initial training above the first two                                     | Prior to attending training | If you choose to send more than two people to initial training, you will pay our then-current fee per person.  |
| Additional training fee                  | Currently, \$500 per day for training at our location; currently \$1,000 per day plus our expenses for training at your location | Prior to attending training | If you send a manager or other employee to our training program after you open, we will charge our then-current fee.<br><br>If we provide additional training or other in-person support to you in response to your request, we may charge our then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support). |
| Optional fee for tow vehicle wrap design | \$2,500  | Prior to requesting         | If you wish to wrap your tow vehicle, you will pay us a fee of \$2,500 per ten-year  |

| Type of Fee                       | Amount  | Due Date                         | Remarks   |
|-----------------------------------|---|----------------------------------|---|
|                                   |   | assistance or approval           | term per vehicle for assistance with design and review for approval. You would be responsible for all design and installation costs of wrapping your tow vehicle.   |
| Third party vendors               | Pass-through of costs, plus administrative charge. Currently, none. | Varies                           | We have the right to require franchisees to use third-party vendors and suppliers that we designate. Examples can include computer support vendors, mystery shopping, and customer feedback systems. The vendors and suppliers may bill franchisees directly, or we have the right to collect payment for these vendors together with a markup or charge (not to exceed 20%) for administering the payment program. |
| Software subscription             | Currently, \$25 to \$80 per month for QuickBooks                    | As required by software provider | We require you to use certain software as described in Item 11. You pay subscription fees directly to the software supplier, and not to us.   |
| Reimbursement                     | Amount that we spend on your behalf, plus 10%                       | Within 15 days of invoice        | If we pay any amount that you owe or are required to pay to a third party, you must reimburse us.   |
| Costs of collection               | Our actual costs  | As incurred                      | Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.  |
| Customer satisfaction resolution  | Our expenses  | On demand                        | We may take any action we deem appropriate to resolve a customer complaint about your business to our satisfaction. If we respond to a customer complaint, we may require you to reimburse us for our expenses.   |
| Safety and brand standards review | Currently, \$265  | When billed                      | Our vendor EcoSure performs food safety and brand standards review at least twice per year. This fee is currently \$265 per review. In the future, we may perform such reviews ourselves, or designate another third-party vendor to perform the reviews. We reserve the right to increase the fee, as long as it is commercially reasonable.   |

| Type of Fee                       | Amount   | Due Date    | Remarks   |
|-----------------------------------|--|-------------|---|
| Special inspection fee            | Currently \$600, plus our out-of-pocket costs  | On demand   | Payable only if (a) we conduct an in-person evaluation and inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification, or (b) our evaluation and inspection identify a material non-compliance with our standards or any other default under the franchise agreement. |
| Non-compliance cure costs and fee | Our out-of-pocket costs and internal cost allocation, plus 10%   | When billed | We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.   |
| Indemnity                         | Our costs and losses from any legal action related to the operation of your franchise                    | On demand   | You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence).   |
| Prevailing party's legal costs    | Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party | On demand   | In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.  |

All fees are payable only to us (other than software subscription charges and local advertising, marketing, and promotional expenditures). All fees are imposed by us and collected by us (other than software subscription charges and local advertising, marketing, and promotional expenditures). All fees are non-refundable. We do not represent that all fees are uniform for all franchisees; we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate. There are currently no marketing cooperatives, purchasing cooperatives, or other cooperatives; therefore, there are currently no fees imposed on you by a cooperative.

Notes

1. The Royalty Fee, Brand Fund Contribution, and other fees are payable by ACH (or any other method we require).



2. The Royalty Fee begins on the first Tuesday that occurs 30 days after you take delivery of your DonutNV unit. The Brand Fund Contribution and the Technology Fee begin on the first Tuesday following the calendar month in which you take delivery of your DonutNV unit.

3. We have the right to adjust the Royalty Fee, Brand Fund Contribution, and other fees on January 1 of each year to reflect annual inflation.

**Item 7  
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT – FRANCHISE AGREEMENT**

| <b>Type of expenditure</b>                            | <b>Amount</b>         | <b>Method of payment</b>    | <b>When due</b>  | <b>To whom payment is to be made</b> |
|---|-----------------------|-----------------------------|--|--------------------------------------|
| Initial franchise fee (see Note 1)                    | \$59,500 - \$59,500   | Check or wire transfer      | Upon signing the franchise agreement                             | Us                                   |
| Technology Setup and Marketing Package                | \$2,250 - \$2,250     | Check or wire transfer      | Upon signing the franchise agreement                             | Us                                   |
| Tow Vehicle (see Note 2)                              | \$0 - \$750           | Check                       | Upon leasing vehicle   | Vehicle lessor                       |
| Vehicle Trailer, Equipment, and Supplies (see Note 3) | \$114,650 - \$124,650 | Check or wire transfer      | Half upon placing order; half when trailer is ready for delivery | Our affiliate                        |
| State Specific Trailer Upfit (see Note 3)             | \$0 - \$20,000        | Check or wire transfer      | Upon placing order   | Our affiliate                        |
| Delivery of Trailer                                   | \$0 - \$6,000         | Check                       | Upon placing order   | Delivery company                     |
| Rent and Utility Deposits (see Note 4)                | \$0 - \$3,600         | Check                       | Upon signing lease   | Landlord; utility companies          |
| Furniture   | \$0 - \$500           | Cash, debit, and/or credit  | As incurred  | Vendors and suppliers                |
| Computer and software                                 | \$25 - \$1,000        | Check, debit, and/or credit | As incurred  | Vendors and suppliers                |
| Additional Opening Inventory                          | \$100 - \$2,500       | Check, debit, and/or credit | Upon ordering  | Third-party providers; us            |

| Type of expenditure                                | Amount                       | Method of payment           | When due                   | To whom payment is to be made     |
|--|------------------------------|-----------------------------|----------------------------|-----------------------------------|
| Insurance Deposits and Premiums (up to 12 months)  | \$500 - \$5,000              | Check                       | Upon ordering              | Rikor Insurance Agency            |
| Pre-opening travel expense to attend training      | \$2,000 - \$3,175            | Cash, debit, or credit      | As incurred                | Airlines, hotels, and restaurants |
| Market Introduction Program                        | \$500 - \$500                | Check, debit, and/or credit | As incurred or when billed | Vendors and suppliers             |
| Professional Fees (lawyer, accountant, etc.)       | \$500 - \$3,000              | Check, debit, and/or credit | As incurred or when billed | Professional service firms        |
| Business Permits and Licenses                      | \$50 - \$600                 | Check                       | Upon application           | Government                        |
| Printing, Stationery and Office Supplies           | \$0 - \$500                  | Cash, debit, and/or credit  | Upon purchase or order     | Vendors and suppliers             |
| Additional funds (for first 3 months) (see Note 5) | \$5,000 - \$20,000           | Varies                      | Varies                     | Employees, suppliers              |
| <b>Total</b>                                       | <b>\$185,075 - \$253,525</b> |                             |                            |                                   |

### YOUR ESTIMATED INITIAL INVESTMENT - DEVELOPMENT RIGHTS RIDER

| Type of expenditure   | Amount                       | Method of payment      | When due               | To whom payment is to be made |
|---|------------------------------|------------------------|------------------------|-------------------------------|
| First franchise (see table above)   | \$185,075 - \$253,525        |                        |                        |                               |
| Additional initial franchise fees for 2 additional territories (see Note 6) | \$60,000 - \$60,000          | Check or wire transfer | Upon signing the Rider | Us                            |
| <b>Total</b>  | <b>\$245,075 - \$313,525</b> |                        |                        |                               |

#### Notes

1. If you lease a location, then your lease security deposit and utility deposits will usually be refundable unless you owe money to the landlord or utility provider. None of the other expenditures in this table will be refundable. Neither we nor any affiliate finances any part of your initial investment.

2. You must have a vehicle capable of hauling at least 7,000 pounds. It must be no more than seven years old, be in excellent (or better condition) condition, clean, dent-free, free of any branding or signage for other businesses, and otherwise presenting a professional appearance. The low-end estimate assumes you already have a personal vehicle for the business. The high-end assumes you lease a new vehicle, with certain fees and costs payable upon signing the lease. The estimate assumes you do not have signage or décor for your vehicle. If you wish to wrap your tow vehicle, you will pay a fee of \$2,500 per ten-year term per vehicle to us for assistance with design and review for approval. You would be responsible for all design and installation costs of wrapping your tow vehicle.

3. This is the cost to purchase the customized DonutNV vehicle trailer, signage, equipment, and supplies. The cost assumes that the standard setup meets all local codes and permitting requirements. We are not responsible for ensuring the trailer will meet all local codes and permitting requirements. If you inform us that upfitting is necessary to meet local codes and permitting requirements, we will perform that work for the cost described in this table.

4. Depending on your jurisdiction, you may need to pay rental fee to a commissary or commercial kitchen that services food trucks and other mobile food businesses. You must also have at least 100 square feet of dry, secure storage. The business does not require a publicly accessible office, so you may conduct the administrative functions from a home office if local laws so allow. We estimate construction, leasehold improvements, and fixtures at zero with the expectation that you will manage the business from your home or from a small office.

5. This includes any other required expenses you will incur before operations begin and during the initial 3-month period of operations, such as payroll, additional inventory, and other operating expenses in excess of income generated by the business. It does not include any salary or compensation for you. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of DonutNV businesses (previously known as Cinnamini Donuts) by our affiliate and franchisees, the most recent cost of our standard trailer package, and our general knowledge of the industry.

6. This estimate assumes you sign a Development Rights Rider for two additional franchise territories. The franchise fee for your first unit is counted in the “Estimated Initial Investment – Franchise Agreement” table. You will pay all franchise fees upon signing the Development Rights Rider. The costs of additional DonutNV trailers and other costs to develop the additional franchise territories are not included in this estimate.

## **Item 8**

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

#### Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business (1) either from us or our designee, or from suppliers approved by us, or (2) according to our specifications. You must comply with any changes we make in the future to these requirements.

## Specific Obligations

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

A. Trailer Package. You will purchase your DonutNV vehicle trailer, equipment, signage, and substantially all initial supplies and inventory (such as donut machines, refrigerated beverage dispenser, mixer, juicer, hot beverage machines, food containers, utensils, smallware's, and proprietary donut mix) from our affiliates Keystone Manufacturing LLC or Keystone Amusements Provisioning, LLC. At least once every five years you must rewrap your trailer to our then-current design, at your expense.

B. Donut Machines. Our affiliate Keystone Amusements Provisioning LLC is the sole supplier of the required donut machines. A donut machine will last approximately two to three years under normal use. Donut machines include a 2-year manufacturer's warranty for manufacturer defects of parts that may require repair from normal use. Negligence, failure to maintain equipment, physical damage, and other acts of carelessness or neglect void this warranty and will require you to purchase replacement equipment at your expense.

C. Inventory. All mixes, syrups, sugar toppings, and other food items and paper products must be purchased according to our specifications and only from approved suppliers. Approved suppliers for other items are listed in our Operations Manual.

D. Items Bearing "DonutNV" Logo. You must purchase items bearing our logo and trademarks only from approved suppliers, who are listed in our Operations Manual.

E. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Manual. Our current requirements are (i) commercial general liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit; (ii) business automobile liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000; (iii) employer practices insurance in an amount of not less than \$1,000,000; (iv) workers compensation coverage as required by state law, but in no event less than \$1,000,000; and (v) business interruption insurance (with a maximum deduction of \$3,000) for a minimum of 90 days. Your policies (other than Workers Compensation) must list us and our affiliates as additional insured, must include a waiver of subrogation in favor of us and our affiliates, must be primary and non-contributing with any insurance carried by us or our affiliates, and must stipulate that we receive 30 days' prior written notice of cancellation.

Rikor Insurance Agency, based in Draper, UT, is our sole approved agency for obtaining the required insurance.

F. Computer software and hardware. You must purchase and use the computer software and hardware that we specify. See Item 11 for more details.

G. Vehicle. You must have a vehicle capable of hauling at least 7,000 pounds. It must no more than seven years old, be in excellent (or better condition) condition, clean, dent-free, free

of any branding or signage for other businesses, and otherwise presenting a professional appearance.

### Us or our Affiliates as Supplier

Our affiliates Keystone Manufacturing LLC and Keystone Amusements Provisioning, LLC are the sole suppliers of the initial DonutNV trailer package. Keystone Amusements Provisioning, LLC is the sole supplier of donut machines you may purchase in the future. We reserve the right for us or an affiliate to be supplier of other items. We and our affiliate have the right to earn a profit from any product or service that we or our affiliate supplies to you.

### Ownership of Suppliers

None of our owners or officers owns an interest in any supplier (other than Keystone Manufacturing LLC and Keystone Amusements Provisioning, LLC) to our franchisees.

### Alternative Suppliers

If you want to use a supplier that is not on our list of approved suppliers, you must request our approval in writing. We will grant or revoke approvals of suppliers based on criteria appropriate to the situation, which may include evaluations of the supplier's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. If you request that we review or approve an alternate supplier or product, you must pay us \$150 (which we be refunded to you if we approve the alternate supplier or product for our whole system). We will provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Manual.

### Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications only after evaluating the intended changes. We may also conduct limited market testing in one or more units.

### Revenue to Us and Our Affiliates

We and our affiliates will derive revenue from the required purchase of trailers and other items as described in this Item. Our total revenue in 2022 was \$230,517. We received revenue of \$8,499 (based product sales to franchisees prior to engaging a third-party fulfillment company) which was 3.7% of our total revenue.

In the beginning of 2022, our affiliate Keystone Amusements LLC sold trailers and other goods to franchisees. Later in 2022, our affiliate Keystone Amusements Provisioning, LLC took over this function. Keystone Amusements LLC received \$694,136 from the sale of required products and services to franchisees in 2022. Keystone Amusements Provisioning, LLC received \$1,403,876 from the sale of required products and services to franchisees in 2022.

#### Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your business are 85% to 95% of your total purchases and leases to establish your business.

We estimate that the required purchases and leases of goods and services to operate your business are 20% to 40% of your total purchases and leases of goods and services to operate your business.

#### Payments by Designated Suppliers to Us

Our recommended bookkeeping service currently costs \$119 per month for the base plan; we will pay your costs for the first three months as well as the initial setup fee. Thereafter, if you continue to use this service, the bookkeeper will pay us 10% of fees received (plus between \$2 and \$10 depending on which QuickBooks service you select). Our recommended payroll provider will pay us 20% of fees received for two years. These payments are subject to changes.

Brandit will pay a rebate to us based sales to franchisees of donut bags, boxes, and buckets (\$5 per case); donut mix (\$6.25 per bag); and certain donut toppings (varies). These rebates are subject to change. We have the right to receive other payments from any designated suppliers based on purchases by you or other franchisees.

#### Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

#### Negotiated Arrangements

We negotiate purchase arrangements with suppliers for certain items. We do not guarantee that you will receive any particular price terms or conditions.

#### Benefits Provided to You for Purchases

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

**Item 9  
FRANCHISEE’S OBLIGATIONS**

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

| <b>Obligation</b>  | <b>Section in agreement</b>  | <b>Disclosure document item</b> |
|--|--|---------------------------------|
| a. Site selection and acquisition/lease                    | § 6.1  | Item 11                         |
| b. Pre-opening purchase/leases                             | §§ 6.2   | Items 5, 7, 8 and 11            |
| c. Site development and other pre-opening requirements     | Article 6  | Items 5, 7, 8 and 11            |
| d. Initial and ongoing training                            | §§ 5.2, 6.3, 7.6   | Items 5, 6, 8 and 11            |
| e. Opening   | §§ 6.4, 6.5  | Items 7, 8 and 11               |
| f. Fees  | Article 4, §§ 5.1, 5.3, 7.8, 10.5, 11.2, 11.3, 11.13, 14.5, 15.2, 16.1, 17.6 | Items 5, 6 and 7                |
| g. Compliance with standards and policies/operating manual | §§ 6.3, 7.1, 7.3, 7.5, 7.9 – 7.13, 7.15, 9.1, 10.1, 10.4, 10.6, 11.1         | Items 8, 11 and 14              |
| h. Trademarks and proprietary information                  | Article 12, § 13.1   | Items 13 and 14                 |
| i. Restrictions on products/services offered               | § 7.3  | Items 8, 11 and 16              |
| j. Warranty and customer service requirements              | §§ 7.7, 7.8, 7.9   | Item 8                          |
| k. Territorial development and sales quotas                | § 2.2  | Item 12                         |
| l. Ongoing product/service purchases                       | Article 8  | Items 6 and 8                   |
| m. Maintenance, appearance, and remodeling requirements    | §§ 7.12, 7.13. 15.2  | Items 6, 7 and 8                |
| n. Insurance   | § 7.15   | Items 6, 7 and 8                |
| o. Advertising   | Article 9  | Items 6, 7, 8 and 11            |
| p. Indemnification   | Article 16   | Items 6 and 8                   |
| q. Owner’s participation/management/staffing               | §§ 2.4, 7.5  | Item 15                         |
| r. Records and reports                                     | Article 10   | Item 11                         |
| s. Inspections and audits                                  | §§ 10.5, 11.2  | Items 6 and 11                  |
| t. Transfer  | Article 15   | Items 6 and 17                  |

| Obligation                      | Section in agreement      | Disclosure document item |
|---------------------------------|---------------------------|--------------------------|
| u. Renewal                      | § 3.2                     | Item 17                  |
| v. Post-termination obligations | Article 13, §§ 14.3, 14.4 | Item 17                  |
| w. Non-competition covenants    | § 13.2                    | Item 17                  |
| x. Dispute resolution           | Article 17                | Items 6 and 17           |

**Item 10  
FINANCING**

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

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

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

Our Pre-Opening Obligations

Before you open your business:

A. *Your site.* We anticipate that you will manage your business from your home (if permitted by local law) or from a small office setting. Therefore, we do not own your site and we do not assist you in (i) locating your business headquarters and negotiating the purchase or lease of the headquarters, (ii) conforming the premises to local ordinances and building codes and obtaining any required permits, or (iii) constructing, remodeling, or decorating the premises.

B. *Hiring and training employees.* All hiring decisions and conditions of employment are your sole responsibility. (Section 7.5)

C. *Vehicle trailer, equipment, signage, and supplies.* Our affiliate Keystone Amusements Provisioning, LLC will sell to you the DonutNV vehicle trailer, outfitted with all equipment, signage, and substantially all supplies and inventory (such as donut machines, refrigerated beverage dispenser, mixer, juicer, hot beverage machines, food containers, utensils, small wares, and proprietary donut mix) needed to operate the unit (Section 5.2). We do not deliver the unit to you, although we can assist in coordinating delivery by a third party. We will provide an iPad tablet to you.

D. *Operations Manual.* We will give you access (as a loan) to our proprietary and confidential Operations Manual (Section 5.1).

E. *Initial Training Program.* We will conduct our initial training program. (Section 5.2). The current initial training program is described below.



F. *Business plan review.* If you request, we will review your pre-opening business plan and financial projections. (Section 5.2).

G. *Market introduction plan.* We will advise you regarding the planning and execution of your market introduction plan. (Section 5.2).

H. *Bookkeeping Service.* Our recommended bookkeeping service currently costs \$119 per month; we will pay the initial setup fee and your costs for the first three months. (Section 5.2)

### Length of Time to Open

The typical length of time between signing the franchise agreement and the opening of your business is three to nine months. Factors that may affect the time period include your ability to obtain financing, obtain business permits and licenses, obtain your unit and equipment from our affiliates, schedule initial training, and hire employees.

### Our Post-Opening Obligations

After you open your business:

A. *Hiring and training employees.* All hiring decisions and conditions of employment are your sole responsibility. (Section 7.5)

B. *Improving and developing your business; resolving operating problems you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently \$1,000 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Section 5.3).

C. *Establishing prices.* Upon your request, we will provide recommended prices for products and services. (Section 5.3). For regional or national accounts (including accounts which we expect to be served by multiple franchisees), we reserve the right to set pricing. Otherwise, you retain the discretion to determine prices you charge.

D. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you our certain recommended procedures for administration, bookkeeping, accounting, and/or inventory control, to the extent we believe appropriate. (Section 5.3). We may make any such procedures part of required (and not merely recommended) procedures for our system.

E. *Brand Fund.* We will administer the Brand Fund (Section 5.3). We will prepare an unaudited annual financial statement of the Brand Fund within 120 days of the close of our fiscal year and will provide the financial statement to you upon written request (Section 9.3).

F. *Website.* We will maintain a website for the DonutNV brand, which will include your business location or territory, and a method for contacting you. (Section 5.3)

G. *Food Safety and Brands Standards Review.* We will conduct a food safety and brand standards review at least once per year. Currently, we delegate the review to EcoSure to conduct. The fee is currently \$265 and we currently have EcoSure conduct reviews twice per year. We reserve the right to increase the fee, as long as it is commercially reasonable.

### Advertising

*Our obligation.* We will use the Brand Fund only for marketing and related purposes and costs. Media coverage is primarily local. We use outside vendors and consultants to produce advertising. We are not required to spend any amount of advertising in the area or territory where any particular franchisee is located. We will maintain the brand website (which will be paid for by the Brand Fund). We have no other obligation to conduct advertising.

*Your own advertising material.* You may use your own advertising or marketing material only with our approval. To obtain our approval, you must submit any proposed advertising or marketing material at least 14 days prior to use. If we do not respond, the material is deemed rejected. If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you. We have the right to establish and control all social media accounts and other digital marketing.

*Advertising council.* We do not have an advertising council composed of franchisees at this time. The franchise agreement gives us the power to form an advertising council.

*Local or Regional Advertising Cooperatives.* We do not currently have any local or regional advertising cooperatives. We do not have the right to require you to participate in a local or regional advertising cooperative.

*Brand Fund.* You and all other franchisees must contribute to our Brand Fund. Your contribution is \$200 per month per unit. We reserve the right to have other franchisees contribute a different amount or at a different rate. Outlets that we or our affiliates own are not obligated to contribute to the Brand Fund. We administer the fund. The fund is not audited. We will make unaudited annual financial statements available to you upon request.

In 2022, we used the funds for advertising and marketing of the DonutNV system, and spent 62% on production, and 38% on web development.

If less than all Brand Funds are spent in the fiscal year in which they accrue, the money will remain in the Brand Fund to be spent in the next year.

No money from the Brand Fund is spent principally to solicit new franchise sales.

*Market introduction plan.* You must develop a market introduction plan and obtain our approval of the plan at least 30 days before the projected opening date of your business. We estimate you will spend approximately \$500 on introductory marketing.

*Required spending.* After you open, you must spend at least \$600 per year per unit on marketing your business. This amount is only a minimum requirement, and we do not represent that it is the optimal amount of money for you spend on marketing.

## Computer Systems

We require you to use Square as your point-of-sale system. Square is a cloud-based system that provides functions such as managing sales and credit card processing. This system will generate or store data such as sales, refunds, and payments for purchases.

We require you to use QuickBooks Online bookkeeping software. QuickBooks is cloud-based system that provides functions such as bookkeeping, report generation, receipt tracking, and more. This system will sync with the Square system and also record information regarding expenses and liabilities.

You will need a desktop or laptop computer with typical office productivity systems (spreadsheets, word processing, etc.). If you already have a suitable computer, we do not require you to purchase a new one for your business.

Your point-of-sale system is included in the equipment package described in Exhibit I. You must use QuickBooks for accounting and financial management.

We estimate that these systems will cost between \$25 and \$1,000 to purchase (the low end assumes you already possess a suitable computer). Square is free for the POS system but charges fees for credit card processing (fees vary with volume and other factors, but generally will be about 2.65% of sales). QuickBooks ranges from \$25 to \$80 per month.

You will pay us a technology fee (currently \$250 per month). In exchange for the Technology Fee, we currently provide you with access to our proprietary system for managing event leads, access to SOCi, DonutNV.com web management, one email address per open unit and territory, access to the merchandise ordering portal, access to our online operations manual and training program, and data service for your DonutNV iPad. The technology fee will not necessarily be a pass-through of our exact costs. We may add, remove, or alter the software or technology products or services that we provide. We may increase this fee after 30 days' prior notice.

We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates. We do not require you to enter into any such contract with a third party (except that QuickBooks may be purchased as a monthly subscription service).

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

We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be \$300 to \$1,200.

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

## Operations Manual

See Exhibit E for the table of contents of our Operations Manual as of the date of this disclosure document, with the number of pages devoted to each subject. There are 156 total pages in the Operations Manual.

## Training Program

Our training program consists of the following:

### **TRAINING PROGRAM**

| <b>Subject</b>   | <b>Hours of Classroom Training</b> | <b>Hours of On-The-Job Training</b> | <b>Location</b> |
|--|------------------------------------|-------------------------------------|-----------------|
| Introduction and History of DonutNV, Importance of Confidentiality and the Brand     | 1                                  | 0                                   | Orlando, FL     |
| Marketing and Establishing Food Truck, Private and Corporate Events                  | 2                                  | 0                                   | Orlando, FL     |
| Official Products and Beverages Available  | 1                                  | 0                                   | Orlando, FL     |
| Maintaining the Truck, Vehicles and Equipment  | 0                                  | 12                                  | Orlando, FL     |
| Inventory Management Policies and Ordering Supplies                                  | 1                                  | 1                                   | Orlando, FL     |
| Daily Operations   | 1                                  | 11                                  | Orlando, FL     |
| Safe Food Handling   | 1                                  | 1                                   | Orlando, FL     |
| The Customer Relationship  | 1                                  | 1                                   | Orlando, FL     |
| Personnel – Finding your Team, Establishing Policies, Staffing and Scheduling        | 1                                  | 1                                   | Orlando, FL     |
| POS, Banking Procedures, Cash Management, Royalty Reporting & Franchisee Obligations | 1                                  | 1                                   | Orlando, FL     |
| Safety and Security  | 1                                  | 0                                   | Orlando, FL     |
| Grand Opening  | 1                                  | 0                                   | Orlando, FL     |
| <b>TOTALS:</b>   | 12                                 | 28                                  |                 |

Training classes will be scheduled in accordance with the needs of new franchisees. We plan to offer the initial training program 9 to 12 times a year approximately every four to six weeks apart. Training will be held in Orlando, Florida. We reserve the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the initial training program.

We typically schedule your training after you have paid your initial 50% deposit on your trailer and your trailer has gone into manufacturing.

The instructional materials consist of the Operations Manual, video, hands-on and visual instruction methods.

Training classes will be led by Alex Gingold and Amanda Gingold or another qualified person we may designate. Their experience is described in Item 2. Alex Gingold has 15 years of experience in the food and beverage industry, and 9 years of experience with us or our affiliates. Amanda Gingold has 11 years of experience in the food and beverage industry, and 10 years of experience with us or our affiliates.

There is no fee for up to two people to attend training. If you send additional people to our initial training program, you must pay us \$500 per additional person. You must pay the travel and living expenses of people attending training.

You must attend training. You may send any additional persons to training that you want. We will perform a final assessment of your capabilities following training. This will gauge your capabilities required to fulfill the obligations of the franchise agreement. If we approve, you will be authorized to commence operations. If we do not approve, we may outline additional training or conditions in order to satisfactorily complete the pre-opening training obligations. You must complete training to our satisfaction at least two weeks before opening your business.

We do not currently require additional training programs or refresher courses, but we have the right to do so.

## **Item 12 TERRITORY**

### Your Location

We anticipate that you will manage your DonutNV business from your home or from a small office setting. Your primary office must be located in your territory or within a reasonable driving distance, unless we agree otherwise. Your mobile unit may be stored at a commercial or residential location (subject to local laws). You must also have at least 100 square feet of dry, secure storage.

### Grant of Territory

Your franchise agreement will specify a territory, which will have a population of up to 100,000 people. The boundaries of your territory will typically be specified by zip codes, but we may define your boundaries by territory boundaries may be affected by natural boundaries or other limits that we mutually agree with you.

Although you cannot actively market or solicit for events outside your territory at which to operate your trailer, you are permitted to use your trailer for events outside of your territory if the area is not reserved for another franchisee. However, you cannot derive more than 10% of your

sales from outside of your territory. If you do so, we may require you to either purchase that territory (by signing a new franchise agreement and acquiring a new DonutNV trailer) or cease such activity.

### Relocation; Establishment of Additional Outlets

You may relocate your business headquarters anywhere in your territory, at no charge. If you desire to change your territory, you must obtain our prior approval and satisfy any conditions we impose, including payment of a \$3,000 fee.

You may establish additional mobile units in your territory if you are not in default of your agreement, if you have not committed a default in the prior 12 months, and if you have our approval (which will not be unreasonably withheld). You must execute a separate new Franchise Agreement for each additional mobile unit, after compliance with all disclosure and other legal obligations (unless, at our option, we amend your existing Franchise Agreement to permit an additional unit under the same Franchise Agreement). You would not pay an additional initial franchise fee for the additional Unit, but you would pay all other fees for the additional Unit as specified in the new Franchise Agreement or amendment.

If you dedicate your mobile unit to serving a single location for more than 15 out of 30 calendar days, we may require you to purchase an additional mobile unit in order to serve other venues in your territory. You must execute a separate new Franchise Agreement (or amendment, at our option) for the additional mobile unit, after compliance with all disclosure and other legal obligations. You would not pay an additional initial franchise fee for the additional Unit, but you would pay all other fees for the additional Unit as specified in the new Franchise Agreement.

If you sign a Development Rights Rider (in the form attached as Exhibit C to this disclosure document) to your franchise agreement, then you will have additional specified territories and you will agree to operate additional Trailers, on an agreed schedule. Under the Development Rights Rider, your right to operate the additional trailers is subject to: (1) you must comply with the mutually agreed development schedule, and (2) you must not be in default under any other agreement with us. You will need to purchase our then-current standard DonutNV trailer package, at the then-current price. For each future trailer, you must sign our then-current form of Franchise Agreement, which will be modified so that you will pay same royalty fees and brand fund contribution as your first franchise agreement (but otherwise may be different than the original Franchise Agreement that you signed). You are not obligated to develop additional territories under the Development Rights Rider, and you may terminate it any time without penalty. If you do not meet your development schedule in the Development Rights Rider, we reduce, alter, or eliminate any one or more of your territories.

If you buy four or five territories, you must start your business with at least two Franchise Agreements and two trailers (instead of one). For each additional two territories you buy after the first four, you must start with an additional Franchise Agreement and trailer.

So long as you comply with your Development Schedule, you may operate your trailer(s) in any of the territories described in the Development Schedule.

### Options to Acquire Additional Franchises

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

### Protected Territory

In your territory, we will not operate a DonutNV mobile business, nor license or franchise another party to establish a DonutNV mobile business.

However, we do not grant an exclusive territory. We reserve the right to operate (or license others to operate) fixed retail locations of “DonutNV” anywhere including your territory. We also reserve the right to temporarily operate (or grant other franchisees the right to temporarily operate) in your territory as described below.

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

We may serve (or authorize other franchisees to serve) customers and events in your territory if you are in default, or if you are incapable of meeting customer demand in your territory.

If we inform you of an event opportunity within your protected territory and you do not accept the event within 24 hours, we or another franchisee can service the event.

If an event spans the territories of multiple franchisees, we will determine the process for deciding which franchisee will control and service the event.

We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory using our principal trademarks or using trademarks different from the ones you will use.

In the circumstances where the franchise agreement does not prohibit us from soliciting or accepting business from inside your territory, we do not pay any compensation to you.

### Soliciting by You Outside Your Territory

You cannot solicit or market outside of your territory for potential customers, events, or venues.


### Competition by Us Under Different Trademarks

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

**Item 13  
TRADEMARKS**

Principal Trademarks

The following are the principal trademarks that we license to you. These trademarks are owned by our affiliate, Keystone Amusements IP Holdings, LLC. They are registered on the Principal Register of the United States Patent and Trademark Office. Because the federal trademark registrations are less than six years old, no affidavits are required at this time and no required affidavits have been filed. The registrations have not yet been renewed.

| Trademark   | Registration Date | Registration Number |
|---|-------------------|---------------------|
| DonutNV   | June 19, 2018     | 5498750             |
|  | July 9, 2019      | 5797203             |
| Make your next party sweet!   | January 3, 2023   | 6941068             |

Determinations

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

Litigation

There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

Agreements

Keystone Amusements IP Holdings, LLC, our affiliate, owns the trademarks described in this Item. Under an Intercompany License Agreement between us and Keystone Amusements IP Holdings, LLC, we have been granted the exclusive right to sublicense the trademarks to franchisees throughout the United States. The agreement is of perpetual duration. It may be modified only by mutual consent of the parties. It may be canceled by our affiliate only if (1) we materially misuse the trademarks and fail to correct the misuse, or (2) we discontinue commercial use of the trademarks for a continuous period of more than one year. The Intercompany License Agreement specifies that if it is ever terminated, your franchise rights will remain unaffected.



## Protection of Rights

We protect your right to use the principal trademarks listed in this Item, and we protect you against claims of infringement or unfair competition arising out of your use of the trademarks, to the extent described in this section.

The franchise agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The franchise agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

If you use our trademarks in accordance with the franchise agreement, then (i) we will defend you (at our expense) against any legal action by a third party alleging infringement by your use of the trademark, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Under the franchise agreement, we may require you to replace, modify or discontinue using a trademark, at your expense. You will have a reasonable period of time to comply with the change, not to exceed 90 days. After such period, you would no longer have the right to use the unmodified or discontinued trademark. Your rights under the franchise agreement do not change, other than the modification or discontinuation of the trademark.

## Superior Prior Rights and Infringing Uses

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

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

### Patents

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

### Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Operations Manual as well as all other sales, training, management and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your franchised business.

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

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

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

We do not know of any copyright infringement that could materially affect you.

### Proprietary Information

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

All customer data and point-of-sale data generated by your business is confidential information and is exclusively owned by us. We license such data back to you without charge solely for your use in connection with your DonutNV business.

You (and your owners, if the franchise is owned by an entity) must protect the confidentiality of our Operations Manual and other proprietary information, and you must use our confidential information only for your franchised business. We may require your managers and key employees to sign confidentiality agreements.

You must disclose to us all ideas, plans, improvements, concepts, methods, and techniques relating to your DonutNV business that you conceive or develop. We will automatically own all such innovations, and we will have the right to incorporate any innovations into our system for use by all franchisees, without any compensation to you.

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

Your Participation

You are required to participate personally in the direct operation of your business and must devote substantial time and attention to the business. However, you may delegate daily operations to a general manager who has completed our training program.

If you are the sole owner of the business, then you are deemed the “Principal Executive”. If the business has multiple owners, you must designate one owner as your “Principal Executive”. The Principal Executive is the owner primarily responsible for the business and has decision-making authority on behalf of the business. The Principal Executive must own at least 50% of the business. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone and video conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings.

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement (see Attachment 2 to Exhibit B).

“On-Premises” Supervision

When your business performs services for a client or event, you are not required to personally conduct “on-premises” supervision of your business. However, we recommend on-premises supervision by you.

There is no limit on who you can hire as an on-premises supervisor. The general manager of your business (whether that is you or a hired person) must successfully complete our training program.

If the franchise business is owned by an entity, we do not require that the general manager own any equity in the entity.

Restrictions on Your Manager

If we request, you must have your general manager (and other key employees that we reasonably designate) sign a confidentiality and non-compete agreement. We will not require you to enter into a confidentiality and non-compete agreement that violates applicable state law. We do not require you to place any other restrictions on your manager.

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

You must offer for sale only goods and services that we have approved.

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

You can sell DonutNV products only from your trailer. You can make sales via third-party delivery platforms such as DoorDash, GrubHub, and UberEats. You cannot make sales by any other means (including sales by via the internet or by shipping products to customers).

You will primarily serve customers and events only in your territory. If you derive more than 10% of sales from outside your territory, we may require you to either purchase that territory (by signing a new franchise agreement and acquiring a new DonutNV trailer). You cannot serve customers in the territory of another DonutNV business.

Our Operations Manual contains a list of venues that we do not permit you serve, based on what we deem appropriate for the DonutNV brand.

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

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

| <b>Provision</b>                    | <b>Section in franchise or other agreement</b> | <b>Summary</b>   |
|-------------------------------------|--|--|
| a. Length of the franchise term     | § 3.1  | 10 years from date which is 30 days after you take delivery of your DonutNV mobile trailer unit. |
| b. Renewal or extension of the term | § 3.2  | You may obtain a successor franchise agreement for one additional 10-year term.                  |

| Provision   | Section in franchise or other agreement | Summary  |
|---|---|--|
| c. Requirements for franchisee to renew or extend | § 3.2                                   | <p>For our franchise system, “renewal” means that at the end of your term, you sign our successor franchise agreement for an additional 10-year term. You may be asked to sign a contract with materially different terms and conditions than your original contract.</p> <p>To renew, you must give advance notice to us; be in compliance with all contractual obligations to us and third parties; conform your business to then-current standards for new franchisees; sign then-current form of franchise agreement and related documents (including personal guaranty); sign general release (unless prohibited by applicable law), and pay renewal fee.</p> |
| d. Termination by franchisee                      | § 14.1                                  | If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you.   |
| e. Termination by franchisor without cause        | Not Applicable                          |  |
| f. Termination by franchisor with cause           | § 14.2                                  | <p>We may terminate your franchise agreement for cause, subject to any applicable notice and cure opportunity.</p> <p>If you sign a Development Rights Rider, termination of your development rights does not give us the right to terminate your franchise agreement. However, if your franchise agreement is terminated, your Development Rights Rider will also be terminated.</p>  |
| g. “Cause” defined--curable defaults              | § 14.2                                  | Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure); operate in a manner dangerous to health or safety (48 hours to cure).  |

| Provision  | Section in franchise or other agreement | Summary   |
|--|---|---|
| h. "Cause" defined--non-curable defaults               | § 14.2                                  | Misrepresentation when applying to be a franchisee; knowingly submitting false information; bankruptcy; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; slander or libel of us; refusal to cooperate with an audit or business evaluation; cease operation for more than 30 days or indicate decision to close; lose possession of the unit; three defaults in 12 months; cross-termination; charge or conviction of, or plea to, a felony; commit or be accused of an act that is morally offensive, contrary to our values, or attracts significant negative attention to our brand; any other breach of franchise agreement which by its nature cannot be cured. |
| i. Franchisee's obligations on termination/non-renewal | §§ 14.3 – 14.6                          | Pay all amounts due; return Manual and proprietary items; notify phone, internet, and other providers and transfer service; cease doing business; remove identification; purchase option by us.   |
| j. Assignment of agreement by franchisor               | § 15.1                                  | Unlimited   |
| k. "Transfer" by franchisee - defined                  | Article 1                               | For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) any direct or indirect ownership interest in the business, or (iv) control of the business.  |
| l. Franchisor's approval of transfer by franchisee     | § 15.2                                  | No transfers without our approval.  |
| m. Conditions for franchisor's approval of transfer    | § 15.2                                  | Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer and its owners sign our then-current franchise agreement and guaranty; you've made all payments to us and are in compliance with the franchise agreement; buyer completes training program; you sign a general release (subject to state law); business complies with then-current system specifications.   |

| <b>Provision</b>  | <b>Section in franchise or other agreement</b> | <b>Summary</b>   |
|---|--|--|
| n. Franchisor's right of first refusal to acquire franchisee's business   | § 15.5   | If you want to transfer your business (other than to your spouse, sibling, or child), we have a right of first refusal.  |
| o. Franchisor's option to purchase franchisee's business                  | § 14.6   | When your franchise agreement expires or is terminated, we will have the right to purchase any or all of the assets of your DonutNV business.  |
| p. Death or disability of franchisee                                      | §§ 2.4, 15.4                                   | If you die or become incapacitated, a new principal executive acceptable to us must be designated to operate the business, and your executor must transfer the business to an approved new owner within 180 days. We have the right to temporarily operate the business if you die or become incapacitated.  |
| q. Non-competition covenants during the term of the franchise             | § 13.2   | Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, or be employed by, any competitor.  |
| r. Non-competition covenants after the franchise is terminated or expires | § 13.2   | For two years, neither you, any owner of the business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by a competitor operating within 25 miles of your former territory or of the territory of any other DonutNV business operating on the date of termination or expiration. |
| s. Modification of the agreement  | § 18.4   | No modification or amendment of the franchise agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.   |
| t. Integration/merger clause  | § 18.3   | Only the terms of the franchise agreement and other written agreements are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. However, no claim made in any franchise agreement is intended to disclaim the express representations made in this Disclosure Document.        |

| Provision   | Section in franchise or other agreement | Summary   |
|---|---|---|
| u. Dispute resolution by arbitration or mediation | § 17.1                                  | All disputes are resolved by arbitration (except for injunctive relief) (subject to applicable state law).  |
| v. Choice of forum                                | §§ 17.1; 17.5                           | Arbitration will take place where our headquarters is located (currently, Orlando, Florida) (subject to applicable state law). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located (subject to applicable state law). |
| w. Choice of law                                  | § 18.8                                  | Florida (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 information about possible performance at a particular location or under particular circumstances.

The following information shows past financial performance and is not a projection of future performance.



**Table 1: Adjusted Net Profit Statement – One Company Unit**

The following table shows certain sales and expense information for the one DonutNV trailer operated by our affiliate in 2022.

|   | <b>2022</b>       | <b>% of Sales</b> |
|---|-------------------|-------------------|
| <i>Sales</i>                                    |                   |                   |
| Event Revenue                                   | \$ 187,428        |                   |
| Travel Fees                                     | \$ 11,850         |                   |
| Gratuities                                      | \$ 1,420          |                   |
| <i>Gross Sales</i>                              | \$ 200,693        | 100%              |
| <i>Select Expenses</i>                          |                   |                   |
| Food Cost - Supplies                            | \$ 11,903         | 5.9%              |
| Fuel  | \$ 4,556          | 2.3%              |
| Merchant Processing                             | \$ 2,535          | 1.3%              |
| <i>Total Select Expenses</i>                    | \$ 18,994         | 9.5%              |
| <i>Adjusted Net Profit</i>                      | \$ 181,699        | 90.5%             |
| <i>Franchise Fees</i>                           |                   |                   |
| Royalty   | \$ 6,500          | 3.2%              |
| Brand Fund                                      | \$ 2,400          | 1.2%              |
| Tech Fee  | \$ 3,000          | 1.5%              |
| <i>Total Franchise Fees</i>                     | \$ 11,900         | 5.9%              |
| <b>Adjusted Net Profit after Franchise Fees</b> | <b>\$ 169,799</b> | <b>84.6%</b>      |

**Table 2: Events Conducted– One Company Unit**

The following table shows the number of events conducted by the affiliate-operated trailer in 2022, and the average and median sales per event.

|                         | <b>2022</b> |
|-------------------------|-------------|
| Number of Events        | 102         |
| Average Sales Per Event | \$1,968     |
| Median Sales Per Event  | \$1,680     |

Notes to Table 1 and Table 2:

1. There was one DonutNV trailer operated by our affiliate for all of 2022.
2. The following material financial and operational characteristics of the business described in Table 1 and 2 may reasonably be anticipated to differ materially from future franchise outlets: The trailer operates in Pennsylvania. It began operating under the “DonutNV” brand name in 2018. The trailer is primarily operated by a manager (rather than being owner-

operated). It does not have a specific territorial boundary. It does not have any expense associated with a commissary (whereas your state or local laws may require you to have access to a commercial kitchen commissary).

3. “Sales” means total of all revenue in a period, not including discounts, taxes, voids, or refunds. In Table 1 it includes gratuities (other than gratuities paid in cash).

4. “Select Expenses” means only the specific expenses listed. Table 1 does not include all costs you would incur to operate a DonutNV business, such as costs of the tow vehicle, insurance, or professional fees (such as legal or bookkeeping). Labor cost is omitted from expenses because our affiliate’s trailer was primarily operated by a person who was paid a percentage of operating profits.

5. “Adjusted Net Profit” is Gross Sales less the Select Expenses. It also does not include interest, taxes, depreciation, or amortization.

6. “Franchise Fees” are the Royalty Fee, Brand Fund Contribution, and Technology Fee that the business would have paid if it had signed the form of franchise agreement attached to this disclosure document and was in its first year of operation (so that the Royalty Fee would have been \$125 per week).

7. “Adjusted Net Profit after Franchise Fees” is Adjusted Net Profit minus Total Franchise Fees.

**Table 3: 2022 Sales by Franchisees**

| <b>Franchisee</b> | <b>2022 Sales</b> |
|-------------------|-------------------|
| 1                 | \$216,590         |
| 2                 | \$61,986          |
| 3                 | \$76,012          |
| 4                 | \$156,896         |

Notes to Table 3:

1. There were six franchisees who operated a DonutNV trailer for at least 10 months in 2022 (five of whom opened in 2020 or 2021, and one that opened in February 2022). The sales by two of the franchisees are not stated in Table 3 because they did not report sales to us, despite being obligated to do so under the terms of the franchise agreement.

2. In Table 3, “Sales” is the revenue reported to us by the franchisee. The first franchisee did not define “sales” in their report. For the other franchisees in Table 3, “sales” is the total of all revenue in a period, less discounts, taxes, voids, or refunds. It includes gratuities processed through the point-of-sale system.

**Some outlets have sold and earned these amounts. Your individual results may differ. There is no assurance that you'll sell or earn as much.**

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

Other than the preceding financial performance representation, DonutNV Franchising does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Alex Gingold, 9101 International Dr., Suite 1304, Orlando, FL 32819 and 1.833.DonutNV, the Federal Trade Commission, and the appropriate state regulatory agencies.

**Item 20**  
**OUTLETS AND FRANCHISEE INFORMATION <sup>(1) (2)</sup>**

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

| Column 1<br>Outlet Type | Column 2<br>Year | Column 3<br>Outlets at the<br>Start of the Year | Column 4<br>Outlets at the<br>End of the Year | Column 5<br>Net Change |
|-------------------------|------------------|---|---|------------------------|
| Franchised              | 2020             | 0   | 1   | +1                     |
|                         | 2021             | 1   | 4   | +3                     |
|                         | 2022             | 4   | 16  | +12                    |
| Company-Owned           | 2020             | 2   | 1   | -1                     |
|                         | 2021             | 1   | 1   | 0                      |
|                         | 2022             | 1   | 1   | 0                      |
| Total Outlets           | 2020             | 2   | 2   | 0                      |
|                         | 2021             | 2   | 5   | +3                     |
|                         | 2022             | 5   | 17  | +12                    |

(1) "Outlet" refers only to a mobile trailer of type being offered to franchisees. It does not include the "brick-and-mortar" retail stores.

(2) If a franchisee operates multiple territories and multiple trailers, each trailer is considered an "outlet" for purposes of Item 20.

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

| Column 1<br>State | Column 2<br>Year | Column 3<br>Number of Transfers |
|-------------------|------------------|---------------------------------|
| N/A               | 2020             | 0                               |
|                   | 2021             | 0                               |
|                   | 2022             | 0                               |
| Total             | 2020             | 0                               |
|                   | 2021             | 0                               |
|                   | 2022             | 0                               |

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

| Column 1<br>State | Column 2<br>Year | Column 3<br>Outlets at<br>the Start<br>of the<br>Year | Column 4<br>Outlets<br>Opened | Column 5<br>Termi-<br>Nations | Column 6<br>Non-<br>Renewals | Column 7<br>Reacquired<br>by<br>Franchisor | Column 8<br>Ceased<br>Operations<br>– Other<br>Reasons | Column 9<br>Outlets at<br>End of the<br>Year |
|-------------------|------------------|---|-------------------------------|-------------------------------|------------------------------|--|--|--|
| Florida           | 2020             | 0   | 0                             | 0                             | 0                            | 0  | 0  | 0  |
|                   | 2021             | 0   | 3                             | 0                             | 0                            | 0  | 0  | 3  |
|                   | 2022             | 3   | 6                             | 0                             | 0                            | 0  | 0  | 9  |
| Delaware          | 2020             | 0   | 0                             | 0                             | 0                            | 0  | 0  | 0  |
|                   | 2021             | 0   | 0                             | 0                             | 0                            | 0  | 0  | 0  |
|                   | 2022             | 0   | 1                             | 0                             | 0                            | 0  | 0  | 1  |
| Iowa              | 2020             | 0   | 0                             | 0                             | 0                            | 0  | 0  | 0  |
|                   | 2021             | 0   | 0                             | 0                             | 0                            | 0  | 0  | 0  |
|                   | 2022             | 0   | 1                             | 0                             | 0                            | 0  | 0  | 1  |
| New York          | 2020             | 0   | 0                             | 0                             | 0                            | 0  | 0  | 0  |
|                   | 2021             | 0   | 0                             | 0                             | 0                            | 0  | 0  | 0  |
|                   | 2022             | 0   | 1                             | 0                             | 0                            | 0  | 0  | 1  |
| North Carolina    | 2020             | 0   | 0                             | 0                             | 0                            | 0  | 0  | 0  |
|                   | 2021             | 0   | 0                             | 0                             | 0                            | 0  | 0  | 0  |
|                   | 2022             | 0   | 1                             | 0                             | 0                            | 0  | 0  | 1  |
| Oklahoma          | 2020             | 0   | 0                             | 0                             | 0                            | 0  | 0  | 0  |

| Column 1<br>State | Column 2<br>Year | Column 3<br>Outlets at<br>the Start<br>of the<br>Year | Column 4<br>Outlets<br>Opened | Column 5<br>Termi-<br>Nations | Column 6<br>Non-<br>Renewals | Column 7<br>Reacquired<br>by<br>Franchisor | Column 8<br>Ceased<br>Operations<br>– Other<br>Reasons | Column 9<br>Outlets at<br>End of the<br>Year |
|-------------------|------------------|---|-------------------------------|-------------------------------|------------------------------|--|--|--|
|                   | 2021             | 0   | 0                             | 0                             | 0                            | 0  | 0  | 0  |
|                   | 2022             | 0   | 1                             | 0                             | 0                            | 0  | 0  | 1  |
| Pennsylvania      | 2020             | 0   | 1                             | 0                             | 0                            | 0  | 0  | 1  |
|                   | 2021             | 1   | 0                             | 0                             | 0                            | 0  | 0  | 1  |
|                   | 2022             | 1   | 0                             | 0                             | 0                            | 0  | 0  | 1  |
| Texas             | 2020             | 0   | 0                             | 0                             | 0                            | 0  | 0  | 0  |
|                   | 2021             | 0   | 0                             | 0                             | 0                            | 0  | 0  | 0  |
|                   | 2022             | 0   | 1                             | 0                             | 0                            | 0  | 0  | 1  |
| Totals            | 2020             | 0   | 1                             | 0                             | 0                            | 0  | 0  | 1  |
|                   | 2021             | 1   | 3                             | 0                             | 0                            | 0  | 0  | 4  |
|                   | 2022             | 4   | 12                            | 0                             | 0                            | 0  | 0  | 16   |

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

| Column 1<br>State | Column 2<br>Year | Column 3<br>Outlets at<br>the Start<br>of the<br>Year | Column 4<br>Outlets<br>Opened | Column 5<br>Outlets<br>Reacquired<br>From<br>Franchisee | Column 6<br>Outlets<br>Closed | Column 7<br>Outlets<br>Sold to<br>Franchisee | Column 8<br>Outlets at<br>End of the<br>Year |
|-------------------|------------------|---|-------------------------------|---|-------------------------------|--|--|
| Pennsylvania      | 2020             | 2   | 0                             | 0   | 0                             | 1  | 1  |
|                   | 2021             | 1   | 0                             | 0   | 0                             | 0  | 1  |
|                   | 2022             | 1   | 0                             | 0   | 0                             | 0  | 1  |
| Totals            | 2020             | 2   | 0                             | 0   | 0                             | 1  | 1  |
|                   | 2021             | 1   | 0                             | 0   | 0                             | 0  | 1  |
|                   | 2022             | 1   | 0                             | 0   | 0                             | 0  | 1  |

**Table 5**  
**Projected Openings As Of December 31, 2022**

| Column 1<br>State | Column 2<br>Franchise Agreements<br>Signed But Outlet Not<br>Opened | Column 3<br>Projected New<br>Franchised Outlets In<br>The Next Fiscal Year | Column 4<br>Projected New Company-<br>Owned Outlets In the<br>Next Fiscal Year |
|-------------------|---|--|--|
| Arizona           | 0   | 4  | 0  |
| Colorado          | 2   | 8  | 0  |
| Florida           | 1   | 12   | 0  |
| Georgia           | 4   | 10   | 0  |
| Indiana           | 1   | 4  | 0  |
| Massachusetts     | 1   | 1  | 0  |
| Mississippi       | 1   | 1  | 0  |
| Missouri          | 1   | 2  | 0  |
| Nebraska          | 1   | 2  | 0  |
| New Jersey        | 1   | 2  | 0  |
| Pennsylvania      | 1   | 4  | 0  |
| Tennessee         | 2   | 4  | 0  |
| Texas             | 4   | 12   | 0  |
| Utah              | 2   | 3  | 0  |
| Virginia          | 0   | 2  | 0  |
| Wisconsin         | 1   | 2  | 0  |
| Totals            | 23  | 73   | 0  |

Current Franchisees

Exhibit F contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets.

Former Franchisees

Exhibit F contains the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

### Confidentiality Clauses

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

### Franchisee Organizations

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

## **Item 21 FINANCIAL STATEMENTS**

Exhibit D contains our audited financial statements for the years ended December 31, 2022, December 31, 2021, and December 31, 2020.

## **Item 22 CONTRACTS**

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

- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Form of General Release
- H. State Addenda to Franchise Agreement
- K. Purchase and Sale Agreement for Mobile Kitchen
- L. Deposit Agreement

## **Item 23 RECEIPTS**

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

## EXHIBIT A

### STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

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

| State      | State Administrator  | Agent for Service of Process (if different from State Administrator)   |
|------------|--|--|
| California | Commissioner of Financial Protection and Innovation<br>Department of Financial Protection and Innovation<br>2101 Arena Blvd.<br>Sacramento, CA 95834<br>866-275-2677<br>www.dfpi.ca.gov<br>Ask.DFPI@difpi.ca.gov |  |
| Hawaii     | Department of Commerce and Consumer Affairs<br>Business Registration Division<br>Commissioner of Securities<br>P.O. Box 40<br>Honolulu, HI 96810<br>(808) 586-2722   | Commissioner of Securities<br>Department of Commerce and Consumer Affairs<br>Business Registration Division<br>Securities Compliance Branch<br>335 Merchant Street, Room 203<br>Honolulu, HI 96813 |
| Illinois   | Franchise Bureau<br>Office of Attorney General<br>500 South Second Street<br>Springfield, IL 62706<br>(217) 782-4465   |  |
| Indiana    | Franchise Section<br>Indiana Securities Division<br>Secretary of State<br>Room E-111<br>302 W. Washington Street<br>Indianapolis, IN 46204<br>(317) 232-6681   |  |
| Maryland   | Office of the Attorney General<br>Division of Securities<br>200 St. Paul Place<br>Baltimore, MD 21202-2020<br>(410) 576-6360   | Maryland Commissioner of Securities<br>200 St. Paul Place<br>Baltimore, MD 21202-2020  |
| Michigan   | Michigan Attorney General's Office<br>Consumer Protection Division<br>Attn: Franchise Section<br>525 W. Ottawa Street<br>Williams Building, 1st Floor<br>Lansing, MI 48933<br>(517) 373-7117                     |  |



| <b>State</b> | <b>State Administrator</b>   | <b>Agent for Service of Process (if different from State Administrator)</b>   |
|--------------|--|---|
| Minnesota    | Minnesota Department of Commerce<br>Securities-Franchise Registration<br>85 7 <sup>th</sup> Place East, Suite 280<br>St. Paul, MN 55101-2198<br>(651) 539-1500       | Commissioner of Commerce<br>Minnesota Department of Commerce<br>85 7 <sup>th</sup> Place East, Suite 280<br>St. Paul, MN 55101-2198<br>(651) 539-1500 |
| New York     | New York State Department of Law<br>Investor Protection Bureau<br>28 Liberty St. 21st Floor<br>New York, NY 10005<br>212-416-8222                                    | Secretary of State<br>99 Washington Avenue<br>Albany, NY 12231  |
| North Dakota | North Dakota Securities Department<br>600 East Boulevard Ave., State Capital Fifth Floor, Dept.<br>414<br>Bismarck, ND 58505-0510<br>(701) 328-4712                  |   |
| Oregon       | Department of Consumer & Business Services<br>Division of Finance and Corporate Securities<br>Labor and Industries Building<br>Salem, Oregon 97310<br>(503) 378-4140 |   |
| Rhode Island | Department of Business Regulation<br>Securities Division<br>1511 Pontiac Avenue<br>Building 68-2<br>Cranston, RI 02920-4407<br>(401) 462-9527                        |   |
| South Dakota | Division of Insurance<br>124 South Euclid Suite 104<br>Pierre, SD 57501-3185<br>(605) 773-3563   |   |
| Virginia     | State Corporation Commission<br>1300 East Main Street<br>9th Floor<br>Richmond, VA 23219<br>(804) 371-9051   | Clerk of the State Corporation<br>Commission<br>1300 East Main Street, 1st Floor<br>Richmond, VA 23219  |
| Washington   | Department of Financial Institutions<br>Securities Division<br>P.O. Box 9033<br>Olympia, WA 98507<br>(360) 902-8760  | Department of Financial Institutions<br>Securities Division<br>150 Israel Rd SW<br>Tumwater, WA 98501<br>(360) 902-8760                               |
| Wisconsin    | Division of Securities<br>Department of Financial Institutions<br>4822 Madison Yards Way<br>Madison, WI 53705<br>(608) 266-0448                                      | Division of Securities<br>Department of Financial Institutions<br>4822 Madison Yards Way<br>Madison, WI 53705<br>(608) 261-7577                       |

**EXHIBIT B**  
**FRANCHISE AGREEMENT**



## FRANCHISE AGREEMENT

### SUMMARY PAGE

- |                                 |                                  |
|---------------------------------|----------------------------------|
| <b>1. Franchisee</b>            | _____                            |
| <b>2. Initial Franchise Fee</b> | _____                            |
| <b>3. Territory</b>             | See Attachment 3                 |
| <b>4. Opening Deadline</b>      | Nine months after Effective Date |
| <b>5. Principal Executive</b>   | _____                            |
| <b>6. Franchisee's Address</b>  | _____                            |

## FRANCHISE AGREEMENT

This Agreement is made between DonutNV Franchising, Inc., a Florida corporation (“DonutNV Franchising”), and Franchisee effective as of the date signed by DonutNV Franchising (the “Effective Date”).

### Background Statement:

A. DonutNV Franchising and its affiliate Keystone Amusements LLC have created and own a system (the “System”) for developing and operating a mobile food service business under the trade name “DonutNV”.

B. The System includes (1) methods, procedures, and standards for developing and operating a DonutNV business, (2) menu items, beverages, products, and services, (3) the Marks, (4) training programs, (5) business knowledge, (6) marketing plans and concepts, and (7) other mandatory or optional elements as determined by DonutNV Franchising from time to time.

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

### ARTICLE 1. DEFINITIONS

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

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

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

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

“**Competitor**” means (1) any business which offers food service by a food truck, trailer, or other mobile unit, or (2) any food service business specializing in donuts, whether mobile or from a fixed retail location.

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

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

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

“**Major Account**” means a local, regional, or national business which has multiple locations, which DonutNV Franchising expects will not be confined to the territory of a single franchisee, and which DonutNV Franchising designates as a “Major Account” pursuant to Section 7.7.

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

“**Marks**” means the trade name and logo contained on the Summary Page, and all other trade names, trademarks, service marks and logos specified by DonutNV Franchising from time to time for use in a DonutNV business.

“**Owner**” means each person or entity which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then “Owner” means Franchisee.

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

“**System Standards**” means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by DonutNV Franchising, which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, data protection and privacy, design, equipment, inventory, maintenance, marketing and public relations, operating days, operating hours, presentation of Marks, product and service offerings (including menu and beverages), quality of products and services, recipes, reporting, safety, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems, and internet access, as well as upgrades, supplements, and modifications thereto), temporary operational changes due to special circumstances (such as a pandemic), types of events and locations that Franchisee may serve, uniforms, and Units.

“**Territory**” means the territory described on Attachment 4.

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

“Unit” means a DonutNV food truck or any other vehicle, trailer, or other unit for serving DonutNV products.

## ARTICLE 2. GRANT OF LICENSE

**2.1 Grant.** DonutNV Franchising grants to Franchisee the right to operate a DonutNV business solely in the Territory. Franchisee shall develop, open and operate a DonutNV business in the Territory for the entire term of this Agreement. Franchisee shall operate a single Unit. Franchisee does not have the right to operate additional Units in the Territory except as expressly described in Section 7.4.

### **2.2 Protected Territory.**

(a) Service. Franchisee shall primarily serve customers and events inside of the Territory. Franchisee may serve customers outside and events outside of the Territory so long as (1) Franchisee does not solicit or market for events outside of the Territory, (2) Franchisee does not solicit, market to, or serve customers or events inside the territory of another DonutNV business, or (3) derive more than 10% of its annual revenue from customers and events outside the Territory. If Franchisee derives more than 10% of its annual revenue from such customers and events, DonutNV Franchising may require Franchisee to reduce such revenue to comply with this section, or require Franchisee to purchase additional territory (by amending this Agreement or signing a new franchise agreement, and acquiring a new DonutNV trailer to serve the additional territory). DonutNV may also pursue any other right or remedy for Franchisee’s violation of this Agreement.

(b) Protection. DonutNV Franchising shall not establish, nor license the establishment of, another mobile DonutNV business which serves customers and events located in the Territory. However, DonutNV Franchising retains the right to:

- (i) serve (or authorize other franchisees to serve) customers in the Territory if Franchisee is in default, or if Franchisee is incapable of meeting customer demand in the Territory (in DonutNV Franchising’s reasonable opinion);
- (ii) open (and license others to open) fixed retail locations of “DonutNV” anywhere, including within the Territory.
- (iii) service an event or authorize another franchisee to service the event in the Territory, if DonutNV Franchising identifies an event opportunity within the Territory and informs Franchisee thereof, and if Franchisee does not elect within 24 hours to service the event;
- (iv) service (or authorize other franchisees to serve) Major Accounts in the Territory, if Franchisee declines to do so or is unable to do so on the terms and conditions set by DonutNV Franchising;
- (v) establish and license others to establish and operate DonutNV businesses outside the Territory;

- (vi) operate and license others to operate businesses anywhere that do not sell the same or similar goods or services under the same or similar trademarks or service marks as a DonutNV business; and
  - (vii) sell and license others to sell DonutNV products and services to customers in the Territory through channels of distribution (including the internet) so long as such products and services are not provided through a DonutNV Unit.
- (c) **Referrals.** DonutNV Franchising may set policies binding on all franchisees regarding referral fees (and other terms and conditions) when a customer is referred from one DonutNV business to another. DonutNV Franchising may waive or modify such policies in any circumstance as DonutNV Franchising determines.
- (d) **Change of Territory.** DonutNV Franchising has no obligation to accept a request from Franchisee to change its Territory. If DonutNV Franchising does approve a request to change the Territory, it may impose conditions, including payment of a \$3,000 fee and execution of a general release by Franchisee.
- (e) **Violation of Territory.** Franchisee shall not serve a customer or event inside the territory of another DonutNV operator (unless approved in writing by DonutNV Franchising). If Franchisee violates this prohibition, DonutNV Franchising may impose a fee equal \$1,000 per day. This fee is a reasonable estimate of DonutNV Franchising's internal cost of personnel time attributable to addressing Franchisee's breach of this Section, and it is not a penalty or estimate of all damages arising from Franchisee's breach. This fee is in addition to all of DonutNV Franchising's other rights and remedies.

**2.3 Franchisee Control.** Franchisee represents that Attachment 1 (i) identifies each owner, officer and director of Franchisee, and (ii) describes the nature and extent of each owner's interest in Franchisee. If any information on Attachment 1 changes (which is not a Transfer), Franchisee shall notify DonutNV Franchising within 10 days.

**2.4 Principal Executive.** Franchisee agrees that the person designated as the "Principal Executive" on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. DonutNV Franchising is entitled to rely on any communication, decision, or act by the Principal Executive as being the communication, decision, or act of Franchisee. The Principal Executive must have at least 50% ownership interest in Franchisee. The Principal Executive must participate in the direct operation of the Business and must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to DonutNV Franchising's reasonable approval.

**2.5 Guaranty.** If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee's obligations to DonutNV Franchising, in the form of Attachment 2.

**2.6 No Conflict.** Franchisee represents to DonutNV Franchising that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition

covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or “blocked” in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

### ARTICLE 3. TERM

**3.1 Term.** This Agreement commences on the Effective Date and continues until the 10<sup>th</sup> anniversary of the first Tuesday which is 30 days after Franchisee takes delivery of its Unit.

**3.2 Successor Agreement.** When the term of this Agreement expires, Franchisee may enter into a successor agreement for one additional period of 10 years, subject to the following conditions prior to expiration:

- (i) Franchisee notifies DonutNV Franchising of the election to renew between 90 and 180 days prior to the end of the term;
- (ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with DonutNV Franchising (or any of its affiliates) at the time of election and at the time of renewal;
- (iii) Franchisee has made or agrees to make (within a period of time acceptable to DonutNV Franchising) changes to the Business as DonutNV Franchising requires to conform to the then-current System Standards;
- (iv) Franchisee pays a renewal fee equal to 25% of the then-current initial franchise fee (but not less than \$10,000);
- (v) Franchisee and its Owners execute DonutNV Franchising’s then-current standard form of franchise agreement and related documents (including personal guaranty), which may be materially different than this form (including, without limitation, higher and/or different fees), except that (A) Franchisee will not pay another initial franchise fee, (B) Franchisee will not receive additional renewal or successor terms, (C) if the Royalty Fee or any other fees varies by the year of operation or the year since execution, Franchisee’s initial term will be counted towards such years, (D) the Territory will not be changed; and
- (vi) Franchisee and each Owner executes a general release (on DonutNV Franchising’s then-standard form) of any and all claims against DonutNV Franchising, its affiliates, and their respective owners, officers, directors, agents and employees.

### ARTICLE 4. FEES

**4.1 Initial Franchise Fee.** Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable under any circumstances.



**4.2 Royalty Fee.** Commencing on the first Tuesday which is 30 days after Franchisee takes delivery of its Unit, Franchisee shall pay DonutNV Franchising a weekly royalty fee (the “Royalty Fee”) as follows:

- (i) Year 1: \$125 per week
- (ii) Year 2: \$136 per week
- (iii) Year 3 through end of term: \$146 per week

Year 1 begins 30 days after Franchisee takes delivery of its Unit. The Royalty Fee for any given week is due on the Tuesday of the following week.

**4.3 Brand Fund Contribution.** Commencing on the first Tuesday after the calendar month in which Franchisee takes delivery of its Unit, Franchisee shall pay DonutNV Franchising a contribution to the Brand Fund (the “Brand Fund Contribution”) equal to \$200 per month owned by Franchisee. The Brand Fund Contribution is due on the first Tuesday of each calendar month.

**4.4 Technology Fee.** Franchisee shall pay DonutNV Franchising a commercially-reasonable technology fee (the “Technology Fee”) each month in exchange for software and other technology-related services and products provided by or through DonutNV Franchising. The Technology Fee does not have to be a pass-through of DonutNV Franchising’s exact costs. DonutNV Franchising has no liability or obligation to Franchisee with respect any third-party software or other technology-related services and products that DonutNV Franchising provides to Franchisee. The Technology Fee is due and payable at the same time as the Brand Fund Contribution. DonutNV Franchising may add, remove, or alter the software or technology products or services that it provides. As of the date of this Agreement, the Technology Fee is \$250 per month. DonutNV Franchising may increase the Technology Fee after 30 days’ notice to Franchisee. The Technology Fee begins when DonutNV Franchising delivers a tablet to Franchisee.

**4.5 Additional Post-Opening Training Fee.**

(a) At DonutNV Franchising Location. If Franchisee sends an employee to DonutNV Franchising’s training program after opening, DonutNV Franchising may charge its then-current training fee. As of the date of this Agreement, the fee for such training is \$500 per day. Franchisee is responsible for all travel and other expenses of its personnel.

(b) At Franchisee’s Location. If DonutNV Franchising provides additional training or other in-person support in response to Franchisee’s request, DonutNV Franchising may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support). At of the date of this Agreement, the fee for such training is \$1,000 per day.

**4.6 Non-Compliance Fee.** DonutNV Franchising may charge Franchisee \$250 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee’s non-payment of a fee owed to DonutNV Franchising) which Franchisee fails to cure after 30 days’ notice. Thereafter, DonutNV Franchising may charge Franchisee \$250 per

week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of DonutNV Franchising's internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee's breach. The non-compliance fee is in addition to all of DonutNV Franchising's other rights and remedies (including default and termination under Section 14.2).

**4.7 Third Party Vendors.** If DonutNV Franchising requires Franchisee to use a designated third-party vendor, DonutNV Franchising has the right (but not the obligation) to collect payment on behalf of the vendor and remit the payment to the vendor. If DonutNV Franchising does so, it may impose a markup or charge (not to exceed 20%) for administering the payment program.

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

**4.9 Inflation Adjustment.** DonutNV Franchising may increase the Royalty Fee, Brand Fund Contribution, and other fees due under this Agreement once per year, up to an amount equal to national inflation over the prior year (based on the Consumer Price Index published by the Bureau of Labor Statistics, or any successor index). DonutNV Franchising shall give at least 30 days prior notice (which may be delivered electronically to franchisee or via system-wide announcement, and need not qualify as "notice" under Section 18.9) before raising fees based on inflation.

#### **4.10 Payment Terms.**

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Brand Fund Contribution, Technology Fee, and any other amounts owed to DonutNV Franchising by pre-authorized bank draft or in such other manner as DonutNV Franchising may require. Franchisee shall comply with DonutNV Franchising's payment instructions.

(b) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a \$25 "late fee" per day plus interest on the unpaid amount at a rate equal to 12% per year (or, if such payment and/or rate exceeds the maximum allowed by law, then payment and/or interest at the highest rate allowed by law).

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

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

(e) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to DonutNV Franchising any fees or amounts described in this Agreement are not dependent on

DonutNV Franchising's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

(f) **Taxes.** Franchisee will be responsible for all sales taxes, use taxes, and other taxes imposed on the fees payable by Franchisee to DonutNV Franchising or its affiliates and on services or goods furnished to Franchisee by DonutNV Franchising or its affiliates, unless the tax is an income tax assessed on DonutNV Franchising or its affiliate for doing business in the state where the Business is located.

## ARTICLE 5. ASSISTANCE

**5.1 Manual.** DonutNV Franchising shall make its Manual available to Franchisee on loan. Franchisee acknowledges that the Manual remains the sole property of DonutNV Franchising at all times. If Franchisee loses, gives away, makes unauthorized copies of, fails to return, or otherwise misappropriates all or some of the Manual, Franchisee shall pay a fee of \$750 to DonutNV Franchising. This fee is a reasonable estimate of DonutNV Franchising's internal cost of personnel time attributable to addressing this loss, and is not a penalty or estimate of all damages arising from Franchisee's breach. This fee is in addition to all of DonutNV Franchising's other rights and remedies. Imposition of this fee does not waive any of DonutNV Franchising's rights of specific performance or injunctive relief.

### **5.2 Pre-Opening Assistance.**

(a) Vehicle trailer, equipment, signage, and supplies. DonutNV Franchising or its affiliate will sell to Franchisee the DonutNV vehicle trailer, outfitted with all equipment, signage, and substantially all supplies and inventory needed to operate the Unit. DonutNV Franchising will transfer any warranties on the trailer and equipment to Franchisee. DonutNV disclaims any and all warranties regarding the trailer, equipment and other contents, including warranties of merchantability or fitness for a particular purpose. Franchisee is solely responsible for ensuring the Unit will comply with all applicable laws and regulations and will be able to obtain all applicable permits in Franchisee's jurisdiction. If Franchisee requests changes to the trailer in order to comply with applicable laws, regulations, or permitting requirements, such changes will be at Franchisee's sole expense. If Franchisee's jurisdiction does not permit the standard DonutNV donut machine, then DonutNV Franchising will substitute a different machine, and Franchisee will be responsible for any additional cost.

(b) Business Plan Review. If requested by Franchisee, DonutNV Franchising shall review and advise on Franchisee's pre-opening business plan and financial projections. **Franchisee acknowledges that DonutNV Franchising accepts no responsibility for the performance of the Business.**

(c) Pre-Opening Training. DonutNV Franchising shall make available its standard pre-opening training to the Principal Executive and up to one other employee, at DonutNV Franchising's headquarters and/or at another location designated by DonutNV Franchising. DonutNV Franchising shall not charge any fee for this training. If DonutNV Franchising permits Franchisee to send additional people to the initial training program, Franchisee shall pay \$500 per additional person. Franchisee is responsible for its own travel, lodging, meal, and other out-

of-pocket expenses. DonutNV Franchising reserves the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the program.

(d) Market Introduction Plan. DonutNV Franchising shall advise Franchisee regarding the planning and execution of Franchisee's market introduction plan.

(e) Bookkeeping Service. If Franchisee engages DonutNV Franchising's recommended bookkeeping service prior the first anniversary of the Effective Date, DonutNV Franchising will pay Franchisee's costs of initial setup and service for three months (up to \$300).

### **5.3 Post-Opening Assistance.**

(a) Advice, Consulting, and Support. If Franchisee requests, DonutNV Franchising will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent DonutNV Franchising deems reasonable.

(b) Pricing. Upon request, DonutNV Franchising will provide recommended prices for products and services offered by franchisees of the System.

(c) Procedures. DonutNV Franchising will provide Franchisee with certain recommended administrative, bookkeeping, accounting, and/or inventory control procedures, to the extent DonutNV deems appropriate. DonutNV Franchising may make any such procedures part of required (and not merely recommended) System Standards.

(d) Marketing. DonutNV Franchising shall manage the Brand Fund.

(e) Internet. DonutNV Franchising shall maintain a website for DonutNV, which will include Franchisee's location (or territory) and a method for contacting Franchisee.

(f) Food Safety and Brands Standards Review. DonutNV Franchising shall conduct a food safety and brand standards review at least once per calendar year. DonutNV Franchising may conduct more than one such review per year. DonutNV Franchising may engage a third party to conduct the review. DonutNV Franchising may charge a commercially-reasonable fee for the review. As of the date of this Agreement, the fee is \$265. Franchisee shall correct any deficiencies found in the review as promptly as possible (and in no event later than 15 days after receiving the report of the review).

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

**6.1 Location.** Franchisee is solely responsible for selecting a suitable location for managing the Business and for storing the Unit.

**6.2 Purchase of Unit.** No more than 90 days after the Effective Date, Franchisee shall enter into a purchase agreement with Franchisor or its affiliate for the purchase of a Unit, as described in Section 5.2(a). Franchisee shall pay at least 50% of the sale price of the fully-equipped Unit upon signing such purchase agreement.

**6.3 New Franchisee Training.** Franchisee's Principal Executive must complete DonutNV Franchising's training program for new franchisees. If the Principal Executive fails to complete the initial training program to DonutNV Franchising's satisfaction, then DonutNV may outline additional training or conditions that the Principal Executive must meet in order to satisfactorily complete the training prior to opening for business. If the Principal Executive fails to complete the additional training or conditions to the satisfaction of DonutNV Franchising, then DonutNV Franchising may terminate this Agreement without further opportunity to cure.

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

**6.5 Opening Date.** Franchisee shall open the Business on or before the date stated on the Summary Page.

## ARTICLE 7. OPERATIONS

**7.1 Compliance with Manual and System Standards.** Franchisee shall at all times and at its own expense comply with all mandatory obligations contained in the Manual and with all other System Standards, as they are now or hereafter established. Franchisee acknowledges and agrees that the products and services offered under the Marks have a reputation for excellence and that Franchisee's compliance with all System Standards is of the utmost importance to DonutNV Franchising.

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

### **7.3 Food Service.**

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

(b) Preparation. Franchisee shall follow all recipes prescribed by DonutNV Franchising, including, without limitation, use of all ingredients specified or authorized by DonutNV Franchising, and only such ingredients. Franchisee shall maintain sufficient levels of inventory at all times.

(c) Locations and Events. DonutNV Franchising has the right designate (in the Manual or otherwise in writing) types of venues, locations, and events at which Franchisee shall not provide services.

(d) Prices. Franchisee retains the right to determine prices it charges for menu items (subject to Section 7.7).

(e) Delivery Services. Franchisee may use the third-party delivery services that DonutNV Franchising approves from time to time. DonutNV Franchising reserves the right to negotiate system-wide agreements with third-party delivery services, and Franchisee shall comply with any such agreement. Franchisee shall be solely responsible for all charges imposed by a third-party delivery services.

(f) Methods of Service. Franchisee shall make sales only from the Unit or as permitted under subsection (e) above. Franchisee shall not make sales by any other means, including without limitation over the internet or via mail order.

(g) Dedicated Location. During the first 12 months after Franchisee commences operation, Franchisee cannot use a Unit to serve single location for more than 15 out of any 30 calendar days without prior written approval from DonutNV Franchising.

#### **7.4 Additional Units.**

(a) Option to Acquire Additional Units. If Franchisee is not in default of under this Agreement and has not committed a default in the prior 12 months, and if Franchisee obtains prior approval from DonutNV Franchising (which will not be unreasonably withheld), then Franchisee may purchase one or more additional Units to operate in the Territory.

(b) Requirement to Acquire Additional Units. If Franchisee uses a Unit to serve a single location for more than 25 out of any 30 consecutive days, DonutNV Franchising reserves the right to require Franchisee to purchase and deploy an additional Unit to in order to serve other venues in the Territory.

(c) Terms and Documentation. To obtain and operate an additional Unit under this Section, Franchisee must (at the option of DonutNV Franchising) either (i) execute a separate new Franchise Agreement for the additional Unit, after compliance with all disclosure and other legal obligations, or (ii) execute a mutually-acceptable amendment to this Agreement. Franchisee would not pay an additional initial franchise fee for the additional Unit, but Franchisee would pay all other then-current fees for the additional Unit as specified in the new Franchise Agreement or amendment, as the case may be.

#### **7.5 Personnel.**

(a) Management. If the Principal Executive delegates daily operations to a general manager, then the general manager must have successfully completed DonutNV Franchising's training program.

(b) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

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

(d) **Drivers.** Franchisee shall ensure that all drivers of the Unit have a valid license to do so and meet any System Standards set by DonutNV Franchising.

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

**7.6 Post-Opening Training.** DonutNV Franchising may at any time require that the Principal Executive and/or any other employees complete training programs, in any format and in any location determined by DonutNV Franchising. DonutNV Franchising may charge a reasonable fee for any training programs. DonutNV Franchising may require Franchisee to provide training programs to its employees. If a training program is held at a location which requires travel by the Principal Executive or any other employee, then Franchisee shall pay all travel, living and other expenses.

**7.7 Major Accounts.** If DonutNV Franchising designates a customer or business as a Major Account, then DonutNV Franchising may set mandatory policies for serving such Major Account, including, without limitation, policies regarding prices and products, referral fees, qualifications to serve the accounts, and customer relationship management. DonutNV Franchising has sole discretion to determine whether any customer or business is a Major Account.

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

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

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

**7.11 Gift Cards, Loyalty Programs, and Incentive Programs.** At its own expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs or customer incentive programs, designated by DonutNV Franchising, in the manner specified by DonutNV Franchising in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another DonutNV business. If Franchisee honors a gift card or other pre-paid system sold by another location, or vice versa, DonutNV Franchising and Franchisee will cooperate so that the cash received is fairly allocated to the location where that gift card or other pre-paid system is redeemed (subject to fees and charges). Franchisee shall comply with all procedures and specifications of DonutNV Franchising related to gift cards, certificates, and other pre-paid systems, or related to customer loyalty or customer incentive programs.

**7.12 Maintenance and Repair.**

(a) Standards. Franchisee shall maintain the Unit, equipment, and other assets in good working condition and repair. Franchisee shall comply with any System Standards related to maintenance, repair, and replacement of the Unit, equipment, and other assets.

(b) Safety Inspection. At least once per calendar year, Franchisee at its own cost must have a qualified mechanic inspect the Unit and tow vehicle and complete DonutNV Franchising's form of inspection report. If the inspection shows any safety issues, Franchisee must promptly remedy such issues. DonutNV Franchising has the right to require Franchisee to cease using the Unit and/or tow vehicle until the safety issue is remedied.

**7.13 Unit.** Franchisee shall ensure that the Unit complies with all applicable System Standards, including without limitation required equipment and exterior décor. Franchisee shall keep the Unit clean and free of dents and other damage. Franchisee shall ensure that the Unit presents a first-class image appropriate to DonutNV Franchising's System. Franchisee shall refurbish, rewrap, and/or remodel the Unit from time to time as directed by DonutNV Franchising (and at must rewrap least once every five years) to meet its then-current brand image for new Units, at Franchisee's expense. Franchisee shall keep the Unit in secured storage when not in use. Franchisee shall use the Unit solely for the Business.

**7.14 Tow Vehicles.**

(a) Requirement. To tow the trailer Unit, Franchisee shall buy or lease a vehicle which complies with all applicable System Standards. The vehicle must not be more than seven years old. Franchisee shall keep the vehicle in excellent (or better) condition, clean, and free of dents and other damage, and shall ensure that the vehicles present a first-class image appropriate to the System.

(b) Décor. Franchisee shall not have any signage or décor on the vehicle other than approved DonutNV signage. If Franchisee desires to wrap the tow vehicle, Franchisee must pay a fee of \$2,500 per Unit to DonutNV Franchising for assistance with design and review for approval. Franchisee would be responsible for all design and installation costs of wrapping the tow vehicle.



## **7.15 Insurance.**

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

- (i) commercial general liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit;
- (ii) business automobile liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000;
- (iii) employer practices insurance in an amount of not less than \$1,000,000;
- (iv) workers compensation coverage as required by state law, but in no event less than \$1,000,000; and
- (v) business interruption insurance (with a maximum deduction of \$3,000) for a minimum of 90 days.

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

(c) Franchisee shall provide Certificates of Insurance evidencing the required coverage to DonutNV Franchising prior to opening and upon annual renewal of the insurance coverage, as well as at any time within 15 days after request by DonutNV Franchising.

**7.16 Obligations to Third Parties.** Franchisee shall pay all vendors and suppliers in a timely manner. Franchisee shall pay all taxes when due. If Franchisee borrows money, it shall comply with the terms of its loan and make all loan payments when due.

**7.17 Public Relations.** Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding DonutNV, the Business, or any particular incident or occurrence related to the Business, without DonutNV Franchising’s prior written approval which will not be unreasonably withheld.

**7.18 Association with Causes.** Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization or cause, or (ii) act in support of any such organization or cause, without DonutNV Franchising’s prior written approval, which will not be unreasonably withheld.

**7.19 No Other Activity Associated with the Business.** Franchisee shall not use the assets of the Business for any purpose other than the Business. Franchisee shall not “co-brand” or

associate any other business activity with the DonutNV Business in a manner which is likely to cause the public to perceive it to be related to the DonutNV Business. If Franchisee is an entity, the entity shall not own or operate any other business except DonutNV businesses.

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

**7.21 Identification.** Franchisee must identify itself as the independent owner of the Business in the manner prescribed by DonutNV Franchising.

**7.22 Meetings.** The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone and video conference calls) that DonutNV Franchising requires, including any national or regional brand conventions or conferences. Franchisee shall not permit the Principal Executive to fail to attend more than three consecutive required meetings.

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

## ARTICLE 8. SUPPLIERS AND VENDORS

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

**8.2 Trailer, Equipment, and Inventory.** Without limiting the generality of Section 8.1, Franchisee acknowledges that DonutNV Franchising or its affiliate is the sole Required Vendor of (1) the Unit with the initial package of donut machines, refrigerated beverage dispensers, mixers, juicers, hot beverage machines, food containers, utensils, small wares, and donut mix, and (2) any additional or replacement donut machines. DonutNV Franchising and its affiliate have the right to earn a profit from any product supplied to Franchisee.

**8.3 Alternate Vendor Approval.** If DonutNV Franchising requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by DonutNV Franchising. DonutNV Franchising may condition its approval on such criteria as DonutNV Franchising deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews.

DonutNV Franchising will provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within 30 days after receipt of Franchisee's request.

**8.4 Alternate Input Approval.** If DonutNV Franchising requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by DonutNV Franchising. DonutNV Franchising will provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 30 days after receipt of Franchisee's request.

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

**8.6 No Liability of Franchisor.** Except as expressly provided in Section 8.7 for products supplied by DonutNV Franchising or its affiliates, DonutNV Franchising shall not have any liability to Franchisee for any claim or loss related to any product provided or service performed by any Approved Vendor or Required Vendor, including without limitation defects, delays, or unavailability of products or services.

**8.7 Warranties.**

(a) DONUTNV FRANCHISING AND ITS AFFILIATES MAKE NO REPRESENTATION OR WARRANTY TO FRANCHISEE OR FRANCHISEE'S CUSTOMERS WITH RESPECT TO ANY PRODUCT SOLD BY DONUTNV FRANCHISING AND ITS AFFILIATES TO FRANCHISEE, AND SPECIFICALLY DISCLAIMS ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, QUALITY, PERFORMANCE, OR FITNESS FOR A PARTICULAR PURPOSE.

(b) Third-Party Warranties. If Franchisee purchases from DonutNV Franchising or its affiliate any items not produced or manufactured by DonutNV Franchising or its affiliate, and if DonutNV Franchising or its affiliate obtained for those items a transferable warranty, then DonutNV Franchising or its affiliate shall transfer that warranty to Franchisee upon Franchisee's purchase. DonutNV Franchising or its affiliate otherwise makes no warranty to Franchisee or to Franchisee's customers for such items. Except as subsequently agreed in writing, DonutNV Franchising or its affiliate shall not be responsible for providing warranty service to Franchisee or to any Franchisee customer for any items. DONUTNV FRANCHISING AND ITS AFFILIATES PROVIDES NO WARRANTY TO FRANCHISEE OR FRANCHISEE'S CUSTOMERS WITH RESPECT TO ITEMS NOT PRODUCED OR MANUFACTURED BY DONUTNV FRANCHISING OR ITS AFFILIATES. THE WARRANTIES, IF ANY, OF THE THIRD-PARTY MANUFACTURER OR SUPPLIER OF SUCH ITEMS, ARE IN LIEU OF ANY AND ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING

WARRANTIES OF MERCHANTABILITY, QUALITY, PERFORMANCE, OR FITNESS FOR A PARTICULAR PURPOSE.

**8.8 Product Recalls.** If DonutNV Franchising or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from DonutNV Franchising or the vendor, supplier, or manufacturer of such item with respect to such item, including without limitation the recall, repair, and/or replacement of such item.

**ARTICLE 9. MARKETING**

**9.1 Implementation.** Franchisee shall not use any marketing materials or campaigns (including point-of-sale materials, advertising, social media marketing, and sponsorships) that have not been approved by DonutNV Franchising. Franchisee shall implement any marketing plans or campaigns determined by DonutNV Franchising.

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

**9.3 Brand Fund.** DonutNV Franchising has established or may establish a Brand Fund to promote the System on a local, regional, national, and/or international level. If DonutNV Franchising has established a Brand Fund:

(a) Account. DonutNV Franchising is not required to hold the Brand Fund Contributions from franchisees in a bank account separate from DonutNV Franchising's other accounts.

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

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

(d) Contribution by Other Outlets. DonutNV Franchising is not obligated to (i) have all other DonutNV businesses (whether owned by other franchisees or by DonutNV Franchising or its affiliates) contribute to the Brand Fund, or (ii) have other DonutNV businesses that do contribute to the Brand Fund contribute the same amount or at the same rate as Franchisee.

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

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

(g) Franchise Development. DonutNV Franchising reserves the right insert information about franchises for sale on advertising prepared by or placed using the Brand Development Fund (provided that such information shall be incidental to the advertising, and not the principal purpose of such advertising).

**9.4 Required Spending.** Franchisee shall spend at least \$600 on marketing the Business each 12-month period after the Effective Date. Within 10 days after request by DonutNV Franchising, Franchisee shall furnish proof of its compliance with this Section. DonutNV Franchising has the sole discretion to determine what activities constitute "marketing" under this Section.

**9.5 Market Introduction Plan.** Franchisee must develop a market introduction plan and obtain DonutNV Franchising's approval of the market introduction plan at least 30 days before the projected opening date of the Business.

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

**9.7 Advertising Council.** DonutNV Franchising has the right to form an advertising council composed of franchisees, on such terms and conditions as DonutNV Franchising may determine.

## ARTICLE 10. RECORDS AND REPORTS

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

## 10.2 Reports.

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

- (i) a monthly profit and loss statement and balance sheet for the Business within 30 days after the end of each calendar month;
- (ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of each calendar year; and
- (iii) any information DonutNV Franchising requests in order to prepare a financial performance representation for DonutNV Franchising's franchise disclosure document, within 30 days after request.

(b) Tax Returns. Franchisee shall provide DonutNV Franchising with copies of all federal and state annual business income tax returns within 30 days after the due date thereof.

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

(d) Government Inspections. Franchisee shall give DonutNV Franchising copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee's receipt thereof.

(e) Other Information. Franchisee shall submit to DonutNV Franchising such other financial statements, reports, budgets, forecasts, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that DonutNV Franchising may reasonably request. DonutNV Franchising acknowledges that all personnel records of the Business belong to Franchisee and that this Agreement does not grant DonutNV Franchising the right to access personnel records of Franchisee's employees.

**10.3 Initial Investment Report.** Within 120 days after opening for business, Franchisee shall submit to DonutNV Franchising a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of DonutNV Franchising's Franchise Disclosure Document and with such other information as DonutNV Franchising may request.

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

Franchisee shall keep such other business records as DonutNV Franchising may specify in the Manual or otherwise in writing.

**10.5 Records Audit.** DonutNV Franchising may examine and audit all books and records related to the Business (other than personnel records of Franchisee’s employees), and supporting documentation, at any reasonable time. DonutNV Franchising may require Franchisee to deliver copies of books, records and supporting documentation to a location designated by DonutNV Franchising. Franchisee shall also reimburse DonutNV Franchising for all costs and expenses of the examination or audit if DonutNV Franchising conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the System.

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

## **ARTICLE 11. FRANCHISOR RIGHTS**

**11.1 Manual; Modification.** The Manual, and any part of the Manual, may be in any form or media determined by DonutNV Franchising. DonutNV Franchising may supplement, revise, or modify the Manual, and DonutNV Franchising may change, add or delete System Standards at any time in its discretion. DonutNV Franchising may inform Franchisee thereof by any method that DonutNV Franchising deems appropriate (which need not qualify as “notice” under Section 18.9). In the event of any dispute as to the contents of the Manual, DonutNV Franchising’s master copy will control.

**11.2 Business Evaluation and Inspection.** DonutNV Franchising may conduct an evaluation of the Business and an inspection of the Unit before, during, or after any event where Franchisee provides services. Franchisee shall cooperate with DonutNV Franchising’s evaluators and inspectors. The evaluation and inspection may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical condition of the Unit and equipment, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. DonutNV Franchising may videotape and/or take photographs of the evaluation and inspection. DonutNV Franchising may set a minimum score requirement for evaluations, and Franchisee’s failure to meet or exceed the minimum score will be a default under this Agreement. Without limiting DonutNV Franchising’s other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an evaluation and inspection. If DonutNV Franchising conducts an evaluation and inspection because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed evaluation), or if the evaluation and inspection identifies a material non-compliance with any System Standard or any other default under this Agreement, then DonutNV

Franchising may charge all out-of-pocket expenses plus its then-current evaluation fee to Franchisee.

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

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

**11.5 Business Data.** Except as stated in this Section, all customer data collected by or generated by the Business and all data collected or generated by the primary software operating system of the Business is Confidential Information and is exclusively owned by DonutNV Franchising. DonutNV Franchising hereby licenses such data back to Franchisee without charge solely for Franchisee’s use in connection with the Business for the term of this Agreement. Notwithstanding anything herein to the contrary, any data concerning Franchisee’s employees, and any data constituting personal data under any applicable privacy law or regulation shall not be owned by DonutNV Franchising.

**11.6 Innovations.** Franchisee shall disclose to DonutNV Franchising all ideas, plans, improvements, concepts, recipes, methods, and techniques relating to the Business (collectively, “Innovations”) conceived or developed by Franchisee, its employees, agents or contractors. DonutNV Franchising will automatically own all Innovations, and will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee. Franchisee shall execute any documents reasonably requested by DonutNV Franchising to document DonutNV Franchising’s ownership of Innovations.

**11.7 Communication Systems.** If DonutNV Franchising provides email accounts and/or other communication systems to Franchisee, then Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems, and authorizes DonutNV Franchising to access such communications.

**11.8 Communication with Employees.** Franchisee irrevocably authorizes DonutNV Franchising to communicate with Franchisee’s employees and contractors on any matter related to the System or the Business. Franchisee will not prohibit any employee or contractor from communicating with DonutNV Franchising on any matter related to the System or the Business.



**11.9 Communications with Landlord and Lenders.** Franchisee irrevocably authorizes DonutNV Franchising to communicate with Franchisee's landlord and lender(s), or prospective landlord and lender(s), about matters relating to the Business, and to provide information about the Business to them.

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

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

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

**11.13 Temporary Control.** If (i) Franchisee (or, if Franchisee is an entity, the Owner with the largest interest in Franchisee) dies, becomes incapacitated, or is otherwise unable to manage the Business, (ii) this Agreement is terminated or expires and DonutNV Franchising elects to purchase assets of the Business as provided in Section 14.6, or (iii) Franchisee is operating the Business in a manner which, in DonutNV Franchising's reasonable opinion, constitutes a danger to the health or safety of any person, then DonutNV Franchising may (but is not obligated to) operate and manage the Business for Franchisee's (or Franchisee's estate's) account until this Agreement is terminated, the Business is transferred, the Business is purchased by DonutNV Franchising, or DonutNV Franchising returns the Business to Franchisee. DonutNV Franchising's operation and management will not continue for more than 90 days without Franchisee's consent (or the consent of the representatives of Franchisee's estate). If this Agreement has not terminated or expired, then DonutNV Franchising will account to Franchisee for all net income from the Business during the period in which DonutNV Franchising operates the Business. DonutNV Franchising may collect a temporary management fee equal to 40% of gross sales for the period in which DonutNV Franchising operates the Business, plus all out-of-pocket expenses incurred by DonutNV Franchising, payable monthly.

**11.12 Franchisor's Discretion.** DonutNV Franchising may engage in any activity not expressly prohibited by this Agreement. Whenever this Agreement provides that DonutNV Franchising has a certain right, that right is absolute and the parties intend that DonutNV Franchising's exercise of that right will not be subject to any limitation or review. DonutNV Franchising has the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify any express limitations set forth in this Agreement. Whenever DonutNV Franchising agrees to exercise its rights reasonably or in good faith, DonutNV Franchising will have satisfied

its obligations whenever it exercises reasonable business judgment in making a decision or exercising its rights. DonutNV Franchising'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 DonutNV Franchising's decision or action is intended, in whole or significant part, to promote or benefit the System or the DonutNV brand generally even if the decision or action also promotes DonutNV Franchising's financial or other individual interest. Examples of items that will promote or benefit the System or the DonutNV brand include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System and DonutNV outlets.

## **ARTICLE 12. MARKS**

**12.1 Authorized Marks.** Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by DonutNV Franchising, and only in the manner as DonutNV Franchising may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee's operation of the Business, will inure to the exclusive benefit of DonutNV Franchising.

**12.2 Change of Marks.** DonutNV Franchising may replace, add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after DonutNV Franchising makes any such change (not to exceed 90 days), Franchisee must comply with the change, at Franchisee's expense.

### **12.3 Infringement.**

(a) Defense of Franchisee. If Franchisee has used the Marks in accordance with this Agreement, then (i) DonutNV Franchising shall defend Franchisee (at DonutNV Franchising's expense) against any Action by a third party alleging infringement by Franchisee's use of a Mark, and (ii) DonutNV Franchising will indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement by Third Party. Franchisee shall promptly notify DonutNV Franchising if Franchisee becomes aware of any possible infringement of a Mark by a third party. DonutNV Franchising may, in its sole discretion, commence or join any claim against the infringing party.

(c) Control. DonutNV Franchising shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks.

**12.4 Name.** If Franchisee is an entity, it shall not use the word "DonutNV" or any confusingly similar words in its legal name.

## ARTICLE 13. COVENANTS

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

### 13.2 Covenants Not to Compete.

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the “Restricted Parties”) shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor operating in any of Franchisee’s Territory or within 25 miles thereof, or in the territory of any other DonutNV business operating on the date of expiration, termination, or transfer, as applicable.

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

**13.3 Employee Recruitment.** During the term of this Agreement and for one year after termination, transfer, or expiration of this Agreement, Franchisee shall not knowingly employ or seek to employ or engage as an independent contractor any person then employed by DonutNV Franchising or its affiliates.

**13.4 General Manager and Key Employees.** If requested by DonutNV Franchising, Franchisee will cause its general manager and other key employees that DonutNV Franchising reasonably designates to sign DonutNV Franchising’s then-current form of confidentiality and non-compete agreement (unless prohibited by applicable law).

## ARTICLE 14. DEFAULT AND TERMINATION

**14.1 Termination by Franchisee.** Franchisee may terminate this Agreement only if DonutNV Franchising violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the violation within 30 days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective 10 days after DonutNV Franchising receives written notice of termination.

### **14.2 Termination by DonutNV Franchising.**

(a) Subject to 10-Day Cure Period. DonutNV Franchising may terminate this Agreement if Franchisee does not make any payment to DonutNV Franchising when due, or if Franchisee does not have sufficient funds in its account when DonutNV Franchising attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after DonutNV Franchising gives notice to Franchisee of such breach.

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

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

- (i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;
- (ii) Franchisee knowingly submits any false report or knowingly provides any other false information to DonutNV Franchising;
- (iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors, or Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;
- (iv) Franchisee fails to open for business by the date specified on the Summary Page;
- (v) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 13.2 (non-compete) or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;

- (vi) Franchisee abandons or ceases operation of the Business for more than 30 days, or otherwise indicates its decision to cease operation of the Business;
- (vii) Franchisee loses possession of the Unit;
- (viii) Franchisee or any Owner slanders or libels DonutNV Franchising or any of its employees, directors, or officers;
- (ix) Franchisee refuses to cooperate with or permit any audit, evaluation or inspection by DonutNV Franchising or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2.
- (x) the Business is operated in a manner which, in DonutNV Franchising's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from DonutNV Franchising or otherwise);
- (xi) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period (regardless of whether the defaults were cured and regardless of whether the defaults are for the same or different breaches of this Agreement);
- (xii) DonutNV Franchising (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate);
- (xiii) Franchisee or any Owner is charged with, pleads guilty or no-contest to, or is convicted of a felony; or
- (xiv) Franchisee or any Owner is accused by any governmental authority or third party of any act, or if Franchisee or any Owner commits any act or series of acts, that in DonutNV Franchising's reasonable opinion, is morally offensive, is a significant violation of DonutNV Franchising's company values, or attracts or could attract significant negative attention to the DonutNV brand.

**14.3 Effect of Termination.** Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, indemnity, and dispute resolution, will remain in effect, and Franchisee must immediately:

- (i) pay all amounts owed to DonutNV Franchising based on the operation of the Business through the effective date of termination or expiration;
- (ii) return to DonutNV Franchising all copies of the Manual, Confidential Information and any and all other materials provided by DonutNV Franchising to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items (to the extent in the possession or control of Franchisee); and

delete all Confidential Information and proprietary materials from electronic devices;

- (iii) notify the telephone, internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to DonutNV Franchising or any new franchisee as may be directed by DonutNV Franchising, and Franchisee hereby irrevocably appoints DonutNV Franchising, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing; and
- (iv) cease doing business under any of the Marks.

**14.4 Remove Identification.** Within 30 days after termination or expiration, Franchisee shall at its own expense "de-identify" the Unit so that it no longer contains the Marks, signage, or any trade dress of a DonutNV business, to the reasonable satisfaction of DonutNV Franchising. Franchisee shall comply with any reasonable instructions and procedures of DonutNV Franchising for de-identification. Franchisee shall not use the Unit for any purpose whatsoever prior to completing such de-identification.

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

**14.6 Purchase Option.** When this Agreement expires or is terminated, DonutNV Franchising will have the right (but not the obligation) to purchase any or all of the Unit, equipment, and other assets related to the Business chosen by DonutNV Franchising, for a price equal to the depreciated book value thereof. To exercise this option, DonutNV Franchising must notify Franchisee no later than 30 days after this Agreement expires or is terminated. DonutNV Franchising's purchase will be of assets only (free and clear of all liens), and will not include any liabilities of Franchisee. If DonutNV Franchising exercises the purchase option, DonutNV Franchising may deduct from the purchase price: (a) all amounts due from Franchisee, and (b) amounts which DonutNV paid or will pay to third parties to satisfy indebtedness owed by Franchisee to third parties. If any of the assets are subject to a lien, DonutNV Franchising may pay a portion of the purchase price directly to the lienholder to pay off such lien. DonutNV Franchising may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee's taxes and other liabilities are paid. DonutNV Franchising may assign this purchase option to another party.

## **ARTICLE 15. TRANSFERS**

**15.1 By DonutNV Franchising.** DonutNV Franchising may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, to any person or entity, and

DonutNV Franchising may undergo a change in ownership and/or control, without the consent of Franchisee.

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

- (i) DonutNV Franchising receives a transfer fee equal to \$10,000, plus any broker fees incurred by DonutNV Franchising in connection with the Transfer;
- (ii) the proposed Transferee and its owners have completed DonutNV Franchising's franchise application processes, meet DonutNV Franchising's then-applicable standards for new franchisees, and have been approved by DonutNV Franchising as franchisees;
- (iii) the proposed Transferee is not a Competitor;
- (iv) the proposed Transferee executes DonutNV Franchising's then-current form of franchise agreement and any related documents, which form may contain materially different provisions than this Agreement;
- (v) Franchisee has paid all monetary obligations to DonutNV Franchising and its affiliates, and to any lessor, vendor, supplier, or lender to the Business, full, and Franchisee is not otherwise in default or breach of this Agreement or of any other obligation to owed to DonutNV Franchising or its affiliates;
- (vi) all owners of the proposed Transferee provide a guaranty in accordance with Section 2.5;
- (vii) the proposed Transferee and its owners and employees undergo such training as DonutNV Franchising may require;
- (viii) Franchisee, its Owners, and the transferee and its owners execute a general release of DonutNV Franchising in a form satisfactory to DonutNV Franchising; and
- (ix) the Business fully complies with all of DonutNV Franchising's most recent System Standards.

**15.3 Transfer for Convenience of Ownership.** If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least 15 days' notice to DonutNV Franchising, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by DonutNV Franchising, (3) Franchisee owns all voting securities of

the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Section 2.5.

**15.4 Transfer upon Death or Incapacity.** Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the Owner with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Business to a third party approved by DonutNV Franchising (or to another person who was an Owner at the time of death or incapacity of the largest Owner) within 180 days after death or incapacity. Such transfer must comply with Section 15.2.

**15.5 DonutNV Franchising's Right of First Refusal.** Before Franchisee (or any Owner) engages in a Transfer (except under Section 15.3 or to a spouse, sibling, or child of an Owner), DonutNV Franchising will have a right of first refusal, as set forth in this Section. Franchisee (or its Owners) shall provide to DonutNV Franchising a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of DonutNV Franchising's receipt of such copy, DonutNV Franchising will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that DonutNV Franchising may substitute cash for any other form of payment). If DonutNV Franchising does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Article.

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

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

## ARTICLE 16. INDEMNITY

**16.1 Indemnity.** Franchisee shall indemnify and defend (with counsel reasonably acceptable to DonutNV Franchising) DonutNV Franchising, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively, "Indemnitees") against all Losses in any Action by or against DonutNV Franchising and/or any Indemnitee directly or indirectly related to, or alleged to arise out of, the Business or any act or omission of Franchisee. Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnitee from Actions which Franchisee proves arose solely as a result of any Indemnitee's intentional misconduct or gross negligence. Any delay or failure by an Indemnitee to notify Franchisee of an Action shall not relieve Franchisee of its indemnity obligation except to the extent (if any) that such delay or failure materially prejudices Franchisee. Franchisee shall not settle an Action without the consent of the Indemnitee. This indemnity will continue in effect after this Agreement ends.

**16.2 Assumption.** An Indemnitee may elect to assume the defense and/or settlement of any Action subject to this indemnification, and control all aspects of defending the Action (including



negotiations and settlement), at Franchisee's expense. Such an undertaking shall not diminish Franchisee's obligation to indemnify the Indemnitees.

## ARTICLE 17. DISPUTE RESOLUTION

### 17.1 Arbitration.

(a) Disputes Subject to Arbitration. Except as expressly provided in subsections (c) and (d), any controversy or claim between the parties (including any controversy or claim arising out of or relating to this Agreement or its formation, and including any question of arbitrability) shall be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction.

(b) Location. The place of arbitration shall be the city and state where DonutNV Franchising's headquarters are located.

(c) Injunctive Relief. Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy or right to arbitrate under this Agreement, seek from any court having jurisdiction any interim or provisional injunctive relief.

(d) Intellectual Property Claims. Either party may bring a claim involving an alleged infringement of any of DonutNV Franchising's intellectual property rights in a court authorized to hear such claims under Section 17.5 of this Agreement.

(e) Confidentiality. All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for DonutNV Franchising to comply with laws and regulations applicable to the sale of franchises.

(f) Performance During Arbitration or Litigation. Unless this Agreement has been terminated, DonutNV Franchising and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

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

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

**17.4 Time Limitation.** Any arbitration or other legal action arising from or related to this Agreement must be instituted within two years from the date of the conduct or event that forms the basis of the arbitration or other legal action. The foregoing time limit does not apply to

claims (i) by DonutNV Franchising related to non-payment of amounts owed by Franchisee, (ii) for indemnity under Article 16, or (iii) related to unauthorized use of Confidential Information or the Marks.

**17.5 Venue Other Than Arbitration.** For any legal proceeding not required to be submitted to arbitration, the parties agree that any such legal proceeding will be brought in the United States District Court where DonutNV Franchising's headquarters is then located. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where DonutNV Franchising's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

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

## ARTICLE 18. MISCELLANEOUS

**18.1 Relationship of the Parties.** The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. DonutNV Franchising is not a fiduciary of Franchisee and does not control Franchisee or its Business. Any required specifications and standards in this Agreement and in the System Standards exist to protect DonutNV Franchising's interest in the System and the Marks, and the goodwill established in them, and not for the purpose of establishing any control, or duty to take control, over the Business. DonutNV Franchising has no liability for Franchisee's obligations to any third party whatsoever.

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

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

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

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

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

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

**18.8 Governing Law.** The laws of the State of Florida (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Florida law for the protection of franchisees or business opportunity purchasers) will not apply unless its jurisdictional requirements are met independently without reference to this Section 18.8.

**18.9 Notices.** Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to DonutNV Franchising, addressed to 9101 International Dr., Suite 1304, Orlando, FL 32819. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first rejection) and must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notwithstanding the foregoing, DonutNV Franchising may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication.

**18.10 Release.** By executing this Agreement, Franchisee (on behalf of itself and its Owners), releases DonutNV Franchising, its affiliates, and their respective directors, officers, shareholders, employees, franchise sellers, representatives, and agents (collectively, the “Released Parties”) from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which Franchisee or any Owner now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of any prior franchise agreement, and all claims arising under franchise, business opportunity, or securities laws of the United States or any state thereof. [**Maryland**]: This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. [**Washington**]: A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the franchise agreement is in effect and where the parties are represented by independent counsel.

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

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

Agreed to by:

FRANCHISOR:

DONUTNV FRANCHISING, INC.

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

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

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

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

FRANCHISEE:

*[if an individual:]*

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

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

*[if an entity:]*

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

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

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

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

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

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

**Attachment 1 to Franchise Agreement**

**OWNERSHIP INFORMATION**

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

- \_\_\_\_\_ *Sole Proprietorship*
- \_\_\_\_\_ *Partnership*
- \_\_\_\_\_ *Limited Liability Company*
- \_\_\_\_\_ *Corporation*

State: \_\_\_\_\_

**2. Owners.** If Franchisee is a partnership, limited liability company or corporation:

| Name | Shares or Percentage of Ownership |
|------|-----------------------------------|
|      |                                   |
|      |                                   |
|      |                                   |
|      |                                   |
|      |                                   |

**3. Officers.** If Franchisee is a limited liability company or corporation:

| Name | Title |
|------|-------|
|      |       |
|      |       |
|      |       |
|      |       |
|      |       |

## Attachment 2 to Franchise Agreement

### GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this “Guaranty”) is executed by the undersigned person(s) (each, a “Guarantor”) in favor of DonutNV Franchising, Inc., a Florida corporation (“DonutNV Franchising”).

**Background Statement:** \_\_\_\_\_ (“Franchisee”) desires to enter into a Franchise Agreement with DonutNV Franchising for the franchise of a DonutNV business (the “Franchise Agreement”; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce DonutNV Franchising to enter into the Franchise Agreement.

Guarantor agrees as follows:

**1. Guaranty.** Guarantor hereby unconditionally guarantees to DonutNV Franchising and its successors and assigns that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to DonutNV Franchising and its affiliates, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and DonutNV Franchising or its affiliates upon demand from DonutNV Franchising. Guarantor waives (a) acceptance and notice of acceptance by DonutNV Franchising of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that DonutNV Franchising make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

**2. Confidential Information.** With respect to all Confidential Information, Guarantor shall (a) adhere to all security procedures prescribed by DonutNV Franchising for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business, (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by DonutNV Franchising, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement, (e) not copy or otherwise

reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is owned by DonutNV Franchising or its affiliates (except for Confidential Information which DonutNV Franchising licenses from another person or entity). This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

### **3. Covenants Not to Compete.**

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor operating in any of Franchisee’s Territory or within 25 miles thereof, or in the territory of any other DonutNV business operating on the date of expiration, termination, or transfer, as applicable.

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

**4. Modification.** Guarantor agrees that Guarantor’s liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which DonutNV Franchising may from time to time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

**5. Governing Law; Dispute Resolution.** This Guaranty shall be governed by and construed in accordance with the laws of the State of Florida (without giving effect to its principles of conflicts of law). The parties agree that any Florida law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 5. The provisions of Article 17 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. Guarantor shall pay to DonutNV Franchising all costs incurred by DonutNV Franchising (including reasonable attorney fees) in enforcing this Guaranty. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

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

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

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

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

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

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

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

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

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



**Attachment 3 to Franchise Agreement**

**TERRITORY**

The Territory for this Franchise Agreement is:

**EXHIBIT C**

**FORM OF DEVELOPMENT RIGHTS RIDER**

This Development Rights Rider (this “Rider”) amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between DonutNV Franchising, Inc., a Florida corporation (“DonutNV Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Multi-Unit Commitment.** Franchisee shall execute additional DonutNV franchise agreements to develop and operate additional Units on the following schedule (the “Development Schedule”):

| <b>Unit #</b> | <b>Territory</b> | <b>Deadline for Signing Franchise Agreement and Ordering Unit</b> | <b>Deadline for Opening</b> |
|---------------|------------------|---|-----------------------------|
| 2             |                  |   |                             |
| 3             |                  |   |                             |
| 4             |                  |   |                             |
| 5             |                  |   |                             |

**2. Fee and Payment.** For all territories (including the first territory under the attached Franchise Agreement), Franchisee shall pay the total initial franchise fee to DonutNV Franchising equal to \_\_\_\_\_. The total initial franchise fee is not refundable under any circumstances (even if Franchisee does not execute any of the future franchise agreements).

**3. Form of Agreement.** For each additional DonutNV franchise, Franchisee shall execute DonutNV Franchising’s then-current standard form of franchise agreement prior to ordering a Unit for the additional territory. However, the franchise agreement will be modified so that the royalty fees and brand fund contribution as in their first franchise agreement (specifically, a Royalty Fees of \$125 per week in Year 1 of the new franchise agreement, \$136 per week in Year 2, and \$146 per week through the end of the term, and Brand Fund Contribution of \$200 per month (subject to the inflation adjustment)).

**4. Operation in Multiple Territories.** So long as Franchisee complies with the Development Schedule, Franchisee may operate each Unit in any of the Territories described in the Development Schedule. If Franchisee fails to fulfill the Development Schedule, then DonutNV Franchising may at any time thereafter reduce, alter, or eliminate any one or more Territories by giving notice thereof to Franchisee.

**5. Termination of Development Rights.**

(a) Automatic. This Rider will automatically terminate if the Franchise Agreement to which it is a part is terminated for any reason.

(b) By DonutNV Franchising. DonutNV Franchising may terminate Franchisee's development rights under this Rider by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee fails to satisfy the development schedule;
- (ii) Franchisee informs DonutNV Franchising that it will not fulfill the development schedule; or
- (iii) DonutNV Franchising has the right to terminate any other franchise agreement between DonutNV Franchising and Franchisee due to Franchisee's default thereunder (whether or not DonutNV Franchising actually terminates such franchise agreement).

(c) By Franchisee. Franchisee may terminate this Rider at any time. Franchisee will not receive a refund of any franchise fees.

**6. Transferability.** Franchisee may execute the future franchise agreements through a wholly-owned entity formed for the purpose of operating the Business. Otherwise, Franchisee does not have the right to Transfer development rights hereunder to any other person or entity without the approval of DonutNV Franchising in accordance with the Franchise Agreement. Any attempt by Franchisee to Transfer development rights to another person or entity without such approval will be void.

**7. Limitation of Franchisee's Liability.** Franchisee's commitment to develop DonutNV Units under this Rider is in the nature of an option only. If Franchisee's development rights under this Rider are terminated for any reason, Franchisee shall not be liable to DonutNV Franchising for lost future revenues or profits from the unopened future DonutNV Units.

*[Signatures on next page]*

Agreed to by:

FRANCHISOR:

DONUTNV FRANCHISING, INC.

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

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

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

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

FRANCHISEE:

*[if an individual:]*

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

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

*[if an entity:]*

\_\_\_\_\_

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

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

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

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

**EXHIBIT D**  
**FINANCIAL STATEMENTS**

**DonutNV Franchising, Inc.**

**Audited Financial Statements**

**Years Ended**

**December 31, 2022, 2021 (Restated) and 2020**

**DonutNV Franchising, Inc.**

**For the years Ended December 31, 2022, 2021 and 2020**

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To the Officers of  
DonutNV Franchising, Inc.  
9101 International Drive  
Suite 1304  
Orlando, FL 32819

Gentlemen:

We have audited the accompanying financial statements of DonutNV Franchising, Inc. which comprises the balance sheet as of December 31, 2022 and 2021, and the related statements of Income and retained earnings (deficit) and cash flows for each of the years in the three-year period ended December 31, 2022, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Donut NV Franchising, Inc.'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 Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

  
Drotar  
FINANCIAL CONSULTANTS



*We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.*

**Opinion**

*In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DonutNV Franchising, Inc. as of December 31, 2022 and 2021, and the results of their operations and its cash flow for each of the years in the three-year period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.*

*Respectfully submitted,*

A handwritten signature in black ink, appearing to read "Blase T. Drotar, Jr.", with a long horizontal line extending to the right.

*Blase T. Drotar, Jr., CPA, CFE  
Drotar Financial Consultants, LLC*

*Eagleville, Pennsylvania  
March 12, 2023*

**DonutNV Franchising, Inc.**  
**Balance Sheet**  
**December 31, 2022 and 2021**

| <b>Assets</b>                                     | <b><u>12/31/2022</u></b> | <b><u>12/31/2021</u></b><br><b>(Restated)</b> |
|---|--------------------------|---|
| <b>Current Assets</b>                             |                          |   |
| Cash in Banks                                     | 354,897                  | 19,456  |
| Accounts receivable                               | 83,853                   | 3,750   |
| Prepaid commissions                               | 2,084,578                | 14,923  |
| Prepaid other expenses                            | 22,526                   | 0   |
| Due from affiliated companies                     | 12,631                   | 0   |
| Inventory   | <u>0</u>                 | <u>3,596</u>                                  |
|   | <u>2,558,485</u>         | <u>41,725</u>                                 |
| <b>Total Assets</b>                               | <u><u>2,558,485</u></u>  | <u><u>41,725</u></u>                          |
| <b>Liabilities and Stockholders' Equity</b>       |                          |   |
| <b>Current Liabilities</b>                        |                          |   |
| Accounts payable                                  | 5,967                    | 0   |
| Brand fund payable                                | 6,418                    | 0   |
| Sales tax payable                                 | 0                        | 45  |
| Loan - stockholder                                | 4,996                    | 0   |
| Accrued expenses (Restated)                       | 119,993                  | 20,908  |
| Deferred revenue                                  | <u>2,659,162</u>         | <u>16,343</u>                                 |
|   | 2,796,536                | 37,296  |
| <b>Stockholders' Equity</b>                       |                          |   |
| Common Stock                                      | 1,000                    | 1,000   |
| Additional paid in capital                        | 24,951                   | 24,951  |
| Retained Earnings (Deficit)                       | <u>(264,002)</u>         | <u>(21,522)</u>                               |
|   | <u>(238,051)</u>         | <u>4,429</u>                                  |
| <b>Total Liabilities and Stockholders' Equity</b> | <u><u>2,558,485</u></u>  | <u><u>41,725</u></u>                          |

See Accountant's Audit Report.  
The Accompanying Notes are an integral part of these financial statements.

**DonutNV Franchising, Inc.**  
**Statements of Income (Loss) and Changes in Retained Earnings (Deficit)**  
**For the years ended December 31, 2022, 2021 and 2020**

|  | <u>12/31/2022</u>       | <u>12/31/2021</u><br><u>(Restated)</u> | <u>12/31/2020</u>   |
|--|-------------------------|--|---------------------|
| <b>Income</b>                                  |                         |  |                     |
| Franchise fees - initial                       | 130,957                 | 41,286                                 | 10,000              |
| Franchise fees - recurring                     | 68,533                  | 3,600                                  | 4,690               |
| Product sales                                  | 8,499                   | 11,292                                 | 1,962               |
| Marketing and technology fees                  | <u>22,528</u>           | <u>645</u>                             | <u>215</u>          |
|  | <u>230,517</u>          | <u>56,823</u>                          | <u>16,867</u>       |
| <b>Operating expenses</b>                      |                         |  |                     |
| Advertising and marketing                      | 30,432                  | 8,685                                  | 0                   |
| Automobile                                     | 9,169                   | 260                                    | 0                   |
| Bank charges                                   | 1,452                   | 117                                    | 96                  |
| Brand fund                                     | 14,868                  | 0                                      | 0                   |
| Business gifts                                 | 2,118                   | 0                                      | 0                   |
| Commissions                                    | 17,931                  | 1,077                                  | 0                   |
| Computer and software charges                  | 32,891                  | 1,240                                  | 120                 |
| Donations                                      | 25                      | 0                                      | 0                   |
| Dues and subscriptions                         | 17,400                  | 0                                      | 0                   |
| Fees   | 179                     | 0                                      | 60                  |
| Franchise development                          | 100,465                 | 40,903                                 | 0                   |
| Insurance                                      | 7,526                   | 0                                      | 0                   |
| Insurance - Workers Comp                       | 274                     | 0                                      | 0                   |
| Interest                                       | 0                       | 1,807                                  | 0                   |
| Legal and professional                         | 83,569                  | 4,281                                  | 525                 |
| Maintenance and repairs                        | 13,665                  | 0                                      | 0                   |
| Meals and entertainment                        | 17,515                  | 1,444                                  | 0                   |
| Merchant fees                                  | 4,525                   | 0                                      | 0                   |
| Office expense                                 | 6,183                   | 2,155                                  | 0                   |
| Payroll  | 32,465                  | 0                                      | 0                   |
| Payroll taxes                                  | 3,238                   | 0                                      | 0                   |
| Purchases                                      | 40,392                  | 5,669                                  | 15,320              |
| Rent   | 15,975                  | 265                                    | 0                   |
| Shipping and freight                           | 2,983                   | 8,567                                  | 459                 |
| Travel   | 2,665                   | 0                                      | 0                   |
| Uniforms                                       | 106                     | 0                                      | 0                   |
| Utilities                                      | <u>14,986</u>           | <u>1,591</u>                           | <u>0</u>            |
|  | <u>472,997</u>          | <u>78,061</u>                          | <u>16,580</u>       |
| <b>Net income (loss) for the period</b>        | <u>(242,480)</u>        | <u>(21,238)</u>                        | <u>287</u>          |
| <b>Retained earnings (Deficit) - Beginning</b> | <u>(21,522)</u>         | <u>(284)</u>                           | <u>(571)</u>        |
| <b>Retained earnings (Deficit) - Ending</b>    | <u><u>(264,002)</u></u> | <u><u>(21,522)</u></u>                 | <u><u>(284)</u></u> |

See Accountant's Audit Report.  
The Accompanying Notes are an integral part of these financial statements.

**DonutNV Franchising, Inc.**  
**Statement of Cash Flows**  
**For the years ended December 31, 2022, 2021 and 2020**

|   | <u>12/31/2022</u>     | <u>12/31/2021</u><br><u>(Restated)</u> |
|---|-----------------------|--|
| <b><u>Cash Flow from Operating Activities:</u></b>        |                       |  |
| Net Income (loss) for the period                          | (242,480)             | (21,238)                               |
| Decrease (Increase) in Inventory                          | 3,596                 | 1,253                                  |
| Decrease (Increase) in prepayments                        | (2,092,181)           | (14,923)                               |
| Decrease (Increase) in Receivables                        | (80,103)              | (3,750)                                |
| Decrease (Increase) in affiliated companies               | (12,631)              | 0                                      |
| (Decrease) Increase in Payables                           | 12,340                | 45                                     |
| (Decrease) Increase in Accrued expenses                   | 99,085                | 20,908                                 |
| (Decrease) Increase in Deferred revenue                   | <u>2,642,819</u>      | <u>16,343</u>                          |
| Net Cash Flows (Used In) Provided by Operating Activities | 330,445               | (1,362)                                |
| <br><b><u>Cash Flows from Investing Activities:</u></b>   |                       |  |
| Stockholders additions                                    | <u>4,996</u>          | <u>0</u>                               |
| <br>Net Increase in Cash and Cash Equivalents             | 335,441               | (1,362)                                |
| <br>Cash & Cash Equivalents, Beginning                    | <u>19,456</u>         | <u>20,818</u>                          |
| <br>Cash & Cash Equivalents, Ending                       | <u><u>354,897</u></u> | <u><u>19,456</u></u>                   |

See Accountant's Audit Report.

The Accompanying Notes are an integral part of these financial statements.

**DonutNV Franchising, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2022**

**Note A: Summary of Significant Accounting Policies**

DonutNV Franchising, Inc. was incorporated under the laws of the State of Pennsylvania on February 25, 2018. The Company was created to supply and service franchised companies in the quick food service industry.

A summary of the significant accounting policies used in the preparation of the accompanying financial statements follow:

**1. Method of Accounting**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America using the accrual method of accounting. This means that income is recognized when invoiced and earned and expenses are recognized when incurred.

**2. Operating Cycle**

Assets and liabilities related to operations are included in current assets and current liabilities in the accompanying balance sheet, as they will be liquidated in the normal course of operations, although this may require more than one year.

**3. Property and Equipment**

Property and equipment, when purchased, will be carried at cost and will be depreciated using straight line depreciation method. Rates are based on the estimated useful lives of the assets.

**4. Income taxes**

The Company has elected to be taxed as an "S" Corporation for federal and state reporting purposes. Income and expenses are reported on the cash basis for tax purposes. This means that all income is reported when received and expenses are reported when paid. The Company has petitioned the Internal Revenue Service to report taxable results on the accrual basis. This means that all income is reported when earned and expenses are reported when incurred. At this time, no provision for income taxes is recorded at the corporate level.

## Note A: Summary of Significant Accounting Policies (Continued)

### 5. Use of Estimates

The Company use of estimates in preparing the financial statements is limited to application to the collectibility of accounts receivables and the depreciation of fixed assets. All estimates were reviewed and deemed to be applied correctly and accurately.

### 6. Revenue Recognition

The Company derives its revenues from franchise fees, marketing fees and product sales.

#### *Franchise fees*

Contract consideration from franchisees primarily consist of initial or renewal franchise fees, product sales and sales-based marketing fees. The initial franchise fees are nonrefundable and collected when the underlying franchise agreement is signed by the franchisee. Sales based marketing fees are paid weekly and product sales are recognized when ownership is transferred to the franchisees.

The Company's primary performance obligation under the franchise agreement includes granting certain rights to access intellectual property and a variety of activities relating to opening a franchise unit, including site selection, training and other such activities commonly referred to collectively as "pre-opening activities". The Company has determined that certain training provided to the franchisee is not brand specific and provides the franchisee with relevant general business information that is separate and distinct from the operation of a company-branded franchise unit. The portion of training services provided that is not brand specific is deemed to be distinct as it provides a benefit to the franchisee and is not highly interrelated or interdependent to the access of the Company's intellectual property, and therefore is accounted for as a separate distinct performance obligation. All other pre-opening activities have been determined to be highly interrelated and interdependent to the access of the Company's intellectual property and therefore are accounted for as a single performance obligation, which is satisfied by granting certain rights to access intellectual property over the term of each franchise agreement.

## **Note A: Summary of Significant Accounting Policies (Continued)**

### *Revenue Recognition (Continued)*

The Company estimates the stand-alone selling price of training services that are not brand specific using an adjusted market assessment approach. The Company first allocates the initial franchise fees and the fixed consideration, under the franchise agreement to the stand-alone selling price of the training services that are not brand specific and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to training services that are not brand specific are recognized ratably as the training services are rendered.

Initial and renewal franchise fees allocated to the right to access the Company's intellectual property is recognized as revenue on a straight-line basis over the term of the respective franchise agreement.

All other fees are recognized as services are rendered.

### *Marketing fees*

Marketing fees are based on a percentage of the sales generated by the franchised locations. The performance obligation related to marketing fees is considered complete upon the sale of food and beverages. Therefore, marketing revenues are recognized in the same period the sales are generated, which approximates the date the marketing fee is paid to the Company.

### *Subsequent Events*

Subsequent events have been evaluated through March 12, 2023, which is the date the financial statements were issued.

## **Note B: Commitments and Contingencies**

The Company currently is not involved in any litigation that would merit an accrual or any other form of reserve to be set up on the accompanying financial statements.

## **Note C: Revenues and related contract Balances**

In May 2014, FASB issued Topic 606, with several clarifying updates issued subsequently. In conjunction with Topic 606, a new subtopic, ASC 340-40, Other Assets and Deferred Costs – Contracts with Customers, was also issued. The updated standard replaces most existing revenue recognition and certain cost standards under U.S. GAAP, including industry-specific standards. Collectively,

## Note C: Revenues and related contract Balances (Continued)

Topic 606 and Subtopic 340-40 are referred to as "ASC 606." ASC 606 requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

### *Disaggregated revenues*

The Company derives its revenues from franchisees located throughout the United States. The economic risks of the Company's revenues is dependent on the strength of the economy in the United States and its ability to collect on its contracts. The Company disaggregates revenue from contracts with customers by timing of revenue recognition by type of revenues, as it believes this best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Revenues by timing of recognition were as follows:

|                              | <u>2022</u>       | <u>2021</u>      | <u>2020</u>      |
|------------------------------|-------------------|------------------|------------------|
| Point in time:               |                   |                  |                  |
| Franchise fees               | \$ 68,533         | \$ 3,600         | \$ 4,690         |
| Franchisee product sales     | 8,499             | 11,292           | 1,962            |
| Franchisee marketing fees    | <u>22,528</u>     | <u>645</u>       | <u>215</u>       |
| Total                        | <u>\$ 99,560</u>  | <u>\$ 15,537</u> | <u>\$ 6,867</u>  |
| Over time:                   |                   |                  |                  |
| Franchise fees and royalties | <u>\$ 130,957</u> | <u>\$ 41,286</u> | <u>\$ 10,000</u> |

Contract liabilities are comprised of unamortized initial and renewal franchise fees received from franchisees, which are presented as "Deferred revenues" on the accompanying balance sheets. A summary of significant changes in deferred franchise fees is as follows:

|  | <u>2022</u>         | <u>2021</u>      |
|--|---------------------|------------------|
| Deferred franchise revenues at beginning of year | \$ 16,343           | \$ 00            |
| Additions for initial franchise fees received    | 2,773,776           | 57,629           |
| Revenue recognized during the year               | <u>(130,957)</u>    | <u>(41,286)</u>  |
| Deferred franchise revenues at end of year       | <u>\$ 2,659,162</u> | <u>\$ 16,343</u> |



**Note C: Revenues and related contract Balances (Continued)**

Deferred franchise fees are expected to be recognized as revenue over the remaining term of the associated franchise agreement as follows:

| <u>Year ending December 31:</u> |    | <u>Amount</u>    |
|---------------------------------|----|------------------|
| 2023                            | \$ | 532,136          |
| 2024                            |    | 238,403          |
| 2025                            |    | 238,403          |
| 2026                            |    | 238,403          |
| 2027                            |    | 238,403          |
| 2028                            |    | 238,403          |
| 2029                            |    | 238,403          |
| 2030                            |    | 238,403          |
| 2031                            |    | 237,835          |
| 2032                            |    | <u>220,370</u>   |
| Total                           | \$ | <u>2,659,162</u> |

The direct and incremental costs, consisting of commissions, are included in "Prepaid commissions" in the accompanying balance sheets. The direct and incremental costs expected to be recognized over the remaining term of the associated franchise agreements at December 31, 2022, are as follows:

| <u>Year ending December 31:</u> |    | <u>Amount</u>    |
|---------------------------------|----|------------------|
| 2023                            | \$ | 210,842          |
| 2024                            |    | 210,842          |
| 2025                            |    | 210,842          |
| 2026                            |    | 210,453          |
| 2027                            |    | 209,859          |
| 2028                            |    | 209,859          |
| 2029                            |    | 209,859          |
| 2030                            |    | 209,859          |
| 2031                            |    | 209,253          |
| 2032                            |    | <u>192,910</u>   |
| Total                           | \$ | <u>2,084,578</u> |

## **Note D: Restatement of 2021 Financial Statements**

Subsequent to the issuance of the financial statements, it was noted that there was an error made to the accrual account when converting the books from the tax reporting basis (cash) to the reporting basis (accrual). Upon discussions with management and the Board of Directors, it was determined that this correction would have to be reflected in the restatement of the income statement for the year ended December 31, 2021. This misstatement has no effect on the operating results for the year ended December 31, 2022.

The effect on the financial statements for 2021 was \$ 20,908.

**EXHIBIT E**  
**OPERATIONS MANUAL TABLE OF CONTENTS**

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## EXHIBIT F

### CURRENT AND FORMER FRANCHISEES

#### Current Franchisees

Names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets:

| State          | Name                      | Owner's Address                               | Telephone    | Email                    |
|----------------|---------------------------|---|--------------|--------------------------|
| Delaware       | Megan Hurst               | 2511 Marsh Road, Wilmington, DE 19810         | 302-824-2356 | wilmington@donutnv.com   |
| Florida        | Dimitrios Panagiotopoulos | 2710 Kenilworth Blvd Sebring, FL 33870        | 863-414-6275 | sebring@donutnv.com      |
| Florida        | Darlene Ortega            | 10219 Amazing Grace Ave, Riverview, FL 33578  | 973-856-2729 | tampa@donutnv.com        |
| Florida        | Darlene Ortega            | 10219 Amazing Grace Ave, Riverview, FL 33578  | 973-856-2729 | clermont@donutnv.com     |
| Florida        | Nenad Markovic            | 612 Cagan View Rd Clermont, FL 34714          | 352-404-8408 | groveland@donutnv.com    |
| Florida        | Patty Aviles              | 9195 Chandler Drive, Groveland, FL 34736      | 407-868-1425 | wintergarden@donutnv.com |
| Florida        | Ronald Smith              | 226 Siena Gardens Circle, Gotha, FL 34734     | 407-451-5243 | daytonabeach@donutnv.com |
| Florida        | Kathleen Mallegol         | 364 Sagewood Drive, Port Orange, FL 32127     | 919-576-4588 | lakeland@donutnv.com     |
| Florida        | Philip Leggett            | 17248 Goldcrest Loop, Clermont, FL 34714      | 863-660-4650 | winterhaven@donutnv.com  |
| Florida        | Matthew Rumbel            | 305 Tennyson Road Winter Haven, FL 33884      | 813-210-0532 | woodbury@donutnv.com     |
| Iowa           | Tyler Baker               | 2850 Tunnel Mill Road Webster City, IA 50596  | 515-835-2585 | centraliowa@donutnv.com  |
| New York       | Michael Gutradt           | 73 Martin Road North, Bethpage, NY 11714      | 646-248-3344 | advance@donutnv.com      |
| North Carolina | Christopher Doran         | 135 Lonetree Circle, Advance, NC 27006        | 848-565-0281 | edmondok@donutnv.com     |
| Oklahoma       | Eric Williams*            | 4113 Green Oaks Way Edmond, OK 73034          | 405-209-4500 | allentown@donutnv.com    |
| Pennsylvania   | Ronald Reaman             | 1600 Lehigh Parkway East, Allentown, PA 18103 | 412-848-1363 | roundrocktx@donutnv.com  |
| Texas          | Billy Lee*                | 16800 Ruggio Rd Pflugerville TX 78660         | 972-672-1792 | wilmington@donutnv.com   |

\* Purchased additional territories for future development

Franchisees who had signed franchise agreements but were not yet open as of the end of our last fiscal year:

| State         | Name                                  | # Sold | Owner's Address                                    | Phone        |
|---------------|---------------------------------------|--------|--|--------------|
| Colorado      | Michael Miller                        | 3      | 83 Fairway Ln Littleton, CO 80123                  | 720-341-9345 |
| Colorado      | Matt Furman                           | 2      | 2570 Brenton Dr, Colorado Springs, CO 80918        | 719-231-6048 |
| Florida       | Michael and Haylee Malagon            | 3      | 3589 E Hampton Cir, Alva FL 33920                  | 239-810-1227 |
| Georgia       | Leonte Leonta, Jr. & Charles Williams | 3      | 41 Marietta Street, Box 183, Atlanta, GA 30301     | 619-244-3051 |
| Georgia       | Marc Schnobrich                       | 2      | 3 Cedar CT, Hilton Head Island SC 29926            | 843-384-0128 |
| Georgia       | Elizabeth and Marshall Moore          | 2      | 4137 Barberry Drive NE, Roswell GA 30075           | 704.678.4233 |
| Georgia       | Shashee and Alpa Patel                | 3      | 1075 Lullwater Cir. Mcdonough, GA 30253            | 229.854.0710 |
| Indiana       | Edward (Ed) J. Wogoman                | 2      | 1914 Mayfield Drive, Goshen, IN 46526              | 574-361-3200 |
| Massachusetts | Sean Chenevert                        | 1      | 24 Beverly Hills Drive, Shrewsbury, MA 01545       | 774-249-0297 |
| Mississippi   | Kable Wedgeworth                      | 1      | 2855-b Oak Grove Rd Hattisburg, MS 39402           | 601-270-7377 |
| Missouri      | Brian and Michele DeMoss              | 2      | 22715 Shadow Ridge Drive, Peculiar, MO 64078       | 816-703-8459 |
| Nebraska      | Jacob Hamburger & Jennifer Cain       | 2      | 16426 Virginia Street, Omaha, NE 68136             | 402-984-3688 |
| New Jersey    | Charles Berdinis                      | 2      | 416 Glenn Avenue Egg Harbor Township, NJ 08234     | 716-572-5958 |
| Pennsylvania  | Cody & Lea Hannum                     | 2      | 1005 Mitchell Drive, McKees Rocks, PA 15136        | 254-715-9137 |
| Tennessee     | James and Sandra Henry                | 3      | 115 Twin Cedars Road, Rock Spring, GA 30739        | 706-260-0295 |
| Tennessee     | Steven and Duana Ray                  | 2      | 2744 Valley Creek Road, Culleoka, TN 38451         | 931-446-3689 |
| Texas         | Matthew Hughey & Tanya Hughey         | 3      | 110 Wild Pecan Loop Buda, TX 78610                 | 817-308-0421 |
| Texas         | Donut NV/Houston, LLC                 | 2      | 321 Kingswood Drive, PMB132, Kingwood, TX 77339    | 201-913-6728 |
| Texas         | Nick and Liz Fleming                  | 2      | 105 Sandstone Bend Lane, Dickinson, TX 77539       | 832-919-0099 |
| Texas         | Mohammed Merchant                     | 3      | 4494 Hartebeest Trl, Frisco, TX 75034              | 214-995-7161 |
| Utah          | Anthony and Holly White               | 2      | 3241 E. Maple Mountain Drive, St. George, UT 84790 | 435-669-8934 |
| Utah          | Tom Bowcut & Gabe Granata             | 6      | 1317 S Alpine Dr, Saratoga Springs, 84045          | 617-455-5614 |
| Wisconsin     | Caleb and Samatha Maier               | 2      | 850 Vfw Drive prairie du sac WI 53578              | 608-335-9465 |

Former Franchisees

Name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date:

None

**EXHIBIT G**

**STATE ADDENDA TO DISCLOSURE DOCUMENT**

## **CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT**

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE MARITAL ASSETS OF THE SPOUSES DOMICILED IN COMMUNITY PROPERTY STATES – ARIZONA, CALIFORNIA, IDAHO, LOUISIANA, NEVADA, NEW MEXICO, TEXAS, WASHINGTON AND WISCONSIN AT RISK IF YOUR FRANCHISE FAILS.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

Neither franchisor nor any person or franchise broker in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

2. The following paragraph is added to the end of Item 6 of the Disclosure Document:

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

3. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person



acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Orlando, Florida, with the costs being borne equally by Franchisor and Franchisee. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of Florida. This provision may not be enforceable under California law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities  
335 Merchant Street  
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: \_\_\_\_\_
2. A proposed registration or filing is or will be shortly on file in the following states: \_\_\_\_\_
3. No states have refused, by order or otherwise to register these franchises.
4. No states have revoked or suspended the right to offer these franchises.
5. The proposed registration of these franchises has not been withdrawn in any state.

## **ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Illinois only, this Disclosure Document is amended as follows:

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 outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

## **MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Maryland only, this Disclosure Document is amended as follows:

The following is added to Item 17:

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

## MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."

**THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7**

**DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

## NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended as follows:

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21<sup>ST</sup> FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise,

securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend,**” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “**Assignment of contract by franchisor**”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.



8. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”: The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

## NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.
2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
7. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

## **RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Rhode Island only, this Disclosure Document is amended as follows:

Item 17, summary columns for (v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

## **VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT**

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

The following statements are added to Item 17(h):

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

**WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT**

(See Exhibit H for Washington Addendum to Disclosure Document and Rider to Franchise Agreement)

**EXHIBIT H**  
**STATE ADDENDA TO FRANCHISE AGREEMENT**

**ILLINOIS RIDER TO FRANCHISE AGREEMENT**

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between DonutNV Franchising, Inc., a Florida corporation (“DonutNV Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

- 1. Governing Law.** Illinois law governs the Agreement.
- 2. Waivers Void.** In conformance with Section 41 of the Illinois Franchise Disclosure Act, notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.
- 3. Jurisdiction.** In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to occur outside of Illinois.
- 4. Entire Agreement; No Disclaimer.** This Agreement and all related agreements executed simultaneously with this Agreement constitute the entire understanding of the parties and supersede any and all prior oral or written agreements between DonutNV Franchising and Franchisee on the matters contained in this Agreement; but nothing in this Agreement or any related agreement is intended to disclaim the representations that DonutNV Franchising made in the latest franchise disclosure document that DonutNV Franchising furnished to Franchisee.
- 5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

FRANCHISOR:

DONUTNV FRANCHISING, INC.

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

## INDIANA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between DonutNV Franchising, Inc., a Florida corporation (“DonutNV Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Indiana Acts” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

**2. Certain Provisions Modified.** Any provision of the Agreement which would have any of the following effects is hereby modified to the extent required for the Agreement to be in compliance with the Indiana Acts:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or services or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official



price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

DONUTNV FRANCHISING, INC.

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

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

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

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

**MARYLAND RIDER TO FRANCHISE AGREEMENT**

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between DonutNV Franchising, Inc., a Florida corporation (“DonutNV Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Maryland Franchise Registration and Disclosure Law” means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.
  
- 2. Releases, Estoppels and Waivers of Liability.** All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law. The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
  
- 3. Statute of Limitations.** Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.
  
- 4. Jurisdiction.** Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Registration and Disclosure Law in any court of competent jurisdiction in the State of Maryland.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

FRANCHISOR:

DONUTNV FRANCHISING, INC.

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

## MINNESOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between DonutNV Franchising, Inc., a Florida corporation (“DonutNV Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Minnesota Act” means Minnesota Statutes, Sections 80C.01 to 80C.22.

**2. Amendments.** The Agreement is amended to comply with the following:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state “No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues.”

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

DONUTNV FRANCHISING, INC.

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

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

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

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

**NEW YORK RIDER TO FRANCHISE AGREEMENT**

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between DonutNV Franchising, Inc., a Florida corporation (“DonutNV Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
  
- 2. Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve DonutNV Franchising or any other person from any duty or liability imposed by New York General Business Law, Article 33 (the “New York Franchise Law”).
  
- 3. Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by DonutNV Franchising with any provision of the New York Franchise Law, or any rule promulgated thereunder, is hereby deleted.
  
- 4. Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchise Law shall govern any claim arising under that law.
  
- 5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

DONUTNV FRANCHISING, INC.

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

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

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

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

## NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between DonutNV Franchising, Inc., a Florida corporation (“DonutNV Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Amendments.** The Agreement (and any Guaranty Agreement) is amended to comply with the following:

- (1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind is subject to NDCC Section 9-08-06.
- (2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee’s business.
- (3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.
- (4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.
- (5) Applicable Laws: The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.
- (6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.
- (7) Waiver of Exemplary & Punitive Damages: The parties do not waive exemplary and punitive damages.
- (8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.
- (9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- (10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

DONUTNV FRANCHISING, INC.

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

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

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

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

**RHODE ISLAND RIDER TO FRANCHISE AGREEMENT**

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between DonutNV Franchising, Inc., a Florida corporation (“DonutNV Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
  
- 2. Jurisdiction and Venue.** Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.
  
- 3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

FRANCHISOR:

DONUTNV FRANCHISING, INC.

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



**WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT  
AND  
RIDER TO FRANCHISE AGREEMENT**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

DONUTNV FRANCHISING, INC.

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

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

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

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

## EXHIBIT I

### FORM OF GENERAL RELEASE

*[This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.]*

This General Release (“Release”) is executed by the undersigned (“Releasor”) in favor of DonutNV Franchising, Inc., a Florida corporation (“DonutNV Franchising”).

**Background Statement:** *[describe circumstances of Release]*

Releasor agrees as follows:

- 1. Release.** Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the “Releasing Parties”)) hereby releases DonutNV Franchising, its affiliates, and their respective directors, officers, shareholders, employees, franchise sellers, and agents (collectively, the “Released Parties”) from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, “Claims”).
- 2. Covenant Not to Sue.** Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.
- 3. Representations and Acknowledgments.** Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor’s choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.
- 4. Miscellaneous.** If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that DonutNV Franchising reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof.

**5. State Addenda.**

**[Maryland Residents]:** This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

**[Washington Residents]:** A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the franchise agreement is in effect and where the parties are represented by independent counsel.

Agreed to by:

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

**EXHIBIT J**  
**TRAILER PACKAGE**

Interactive Mobile Trailer Package

(2) DonutNV Mini Donut Machines

(1) KitchenAid Mixer

(1) Automatic Juicer

(1) Refrigerated Beverage Dispenser

(1) Coffee Machine

(2) Fire Extinguishers

(1) Gasoline Generator

(1) Point of Sale System

Miscellaneous Utensils, Small Wares & Containers

Assorted Sugars, Syrups & Toppings

DonutNV Donut Mix

Promotional Package

Employee Uniform Package

**EXHIBIT I**

**FORM OF PURCHASE AND SALE AGREEMENT FOR MOBILE KITCHEN**

**PURCHASE AND SALE AGREEMENT FOR  
MOBILE KITCHEN BETWEEN  
KEYSTONE MANUFACTURING, LLC**

**AND**

**(BUYER)**

**THIS PURCHASE AND SALE AGREEMENT** (“Agreement”) is entered into as of by and between (BUYER) (hereinafter “Buyer”), a corporation with an address of (BUYER ADDRESS) and KEYSTONE MANUFACTURING, LLC (hereinafter “Company”), a Georgia limited liability company with an address of 804 W Mitchell St., Adel, GA 31620.

In consideration of the mutual agreements and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is mutually agreed and covenanted by and between the parties to this Agreement, as follows:

1. You agree to purchase the Mobile Kitchen described in your Mobile Kitchen Configuration from the Company (“we,” “us,” or “our”), pursuant to the terms and conditions of this Agreement. Your Mobile Kitchen is priced and configured based on features and options available at the time of order, as described in Exhibit A attached hereto and incorporated herein. Mobile Kitchen shall be picked up by Buyer in Adel, Georgia, with all payments due to Company as outlined in this Agreement.

A. Description of Vehicles: The following is a description of the vehicle that Company agrees to utilize under the terms of this Agreement.

- A. (1) 8.5ft x 14ft Trailer
- B. DonutNV equipment package
- C. VIN: to be assigned
- D. Special Features: stabilizing jacks, spare tire.

B. Description of Equipment. Equipment designation, item, and quantity are fully described on Exhibit A and incorporated herein.

2. Purchase Price. Buyer shall pay to Company for the Mobile Kitchen and for all obligations specified herein, as full and complete consideration therefore:

Trailer Package Price: \$114,650 each

State Specific Upfit Fee: TBD (As of date of invoice, pending local health & code requirements)

Sales Tax: Buyer responsible for remitting to state of registration

Total: \$114,650.00 each

hereinafter "Purchase Price".

3. Payment. Payment of the Purchase Price shall be made by Buyer to Company in accordance with the following schedule:

A. Fifty Percent (50%) of the Purchase Price immediately upon execution of this Agreement, your "Order Payment".

B. Fifty Percent (50%) of the Purchase Price, payment in full, one week prior to pickup of Mobile Kitchen. At the time of pickup, the Buyer receives the title to the trailer so that the Buyer can register the vehicle with the Department of Motor Vehicles.

To secure your final payment and performance under the terms of this Agreement, Company will retain a security interest in the Mobile Kitchen and all proceeds therefrom until your obligations have been fulfilled.

4. Mobile Kitchen Layout. At no additional expense to Buyer, Company shall furnish Buyer with a layout of equipment placement within the Mobile Kitchen. The layout shall include, but not be limited to, power, air conditioning, operational considerations, weight and weight distribution limitations with respect to the vehicle, and Equipment.

5. Delivery. The estimated build time and delivery of your Mobile Kitchen is ninety to one hundred and twenty (90-120) days from receipt of the Buyer's Order Payment. Mobile kitchen will be considered complete when the Customer is notified by Company that mobile kitchen is ready for Customer inspection. If at that time, the Customer makes any modifications or changes, the time Company spends accommodating the modification or change will not constitute a delay attributed to the Company. Buyer must appear at Company's designated location during normal business hours on the delivery date to accept possession and remove the Mobile Kitchen from the Company's designated location. Further, Company will exert its right to maintain a security interest in the Mobile Kitchen for any unpaid balance and storage fees and may sell the vehicle to recover said lien in compliance with Georgia law. The estimated delivery date of your Mobile Kitchen indicated in this Agreement is an estimate only and is not a guarantee of when your Mobile Kitchen will actually be delivered. Company shall not be liable for failure to deliver or delay in delivery of Mobile Kitchen where such failure or delay is due, in whole or in part, to any cause beyond the control or without the fault or negligence of the Company.

6. Conveyance of Title. Company shall provide documents necessary to convey title to Buyer upon delivery of Mobile Kitchen. It is the Buyer's responsibility to facilitate title transfer and registration of the Mobile Kitchen in accordance with its state's motor vehicle registration regulations.

7. Warranties. The trailer is covered by a manufacturer's warranty to the original Buyer that, for a period of 12 months following delivery of the Mobile Kitchen, the trailer manufacturer will repair or replace, at a location to be determined at the Company or trailer manufacturer's



discretion, trailer shell and components included in “Trailer Buildout” as described in Exhibit B, which fail because of defects relating to the workmanship of the trailer manufacturer.

The Mobile Kitchen may be covered by various manufacturer warranties, that of the vehicle manufacturer and that of the various equipment manufacturers. Company does not warrant the workmanship of Buyer negotiated installers or repairers and will not bear any cost occasioned by faulty or incorrect installation or damage done by non-Company or Manufacturer personnel.

Company shall not be responsible for cost incurred by the Buyer for correction of deficiencies covered by this warranty including loss of use, loss of time, lost profits, or other consequential damages of any kind whatsoever in connection with the sale and use of the Mobile Kitchen.

A. Equipment Warranty. New Equipment is covered by the manufacturer of said Equipment and in compliance with the manufacturer’s terms and conditions. All concerns about new Equipment are to be communicated by the Buyer to the manufacturer and will be limited to that which is covered in the manufacturer’s warranty. The Buyer agrees that it will not hold Company responsible for any matters regarding the item including, but not limited to, any matters regarding the manufacturer’s performance per the warranty.

B. Trailer Warranty. Vehicle is covered by the manufacturer of said trailer and in compliance with the manufacturer’s terms and conditions. All concerns about the vehicle are to be communicated by the Buyer to the Company and will be limited to that which is covered in the standard manufacturer’s warranty, to include trailer components outlined in Exhibit B “Trailer Buildout” summary.

C. Warranties are non-transferable. If you sell your Mobile Kitchen all previously stated warranties are null and void and will not be transferred.

8. Insurance and Registration: Buyer acknowledges that any insurance coverage, licensure, tags, or registration of the vehicle is the responsibility of the Buyer.

9. Regulations and Codes: Buyer acknowledges that, upon delivery, the Mobile Kitchen is below the maximum weight capacity as set-forth by the trailer manufacturer of the vehicle and the equipment is loaded in accordance with best practices on weight distribution. The Buyer acknowledges that there is a possibility that the installation of any additional equipment not originally installed by the trailer manufacturer could cause the vehicle to exceed the vehicles maximum weight designation or offset the weight distribution of the vehicle. Exceeding the vehicle’s maximum weight designation could cause catastrophic failure of the vehicle resulting in injury and possibly death. Further, if the Mobile Kitchen is built on a trailer platform, Buyer acknowledges that upon delivery the Mobile Kitchen’s trailer’s tongue weight is between 9% and 15% of the trailer’s gross vehicle weight. The Company and trailer manufacturer shall not be liable or responsible for any misuse of the Mobile Kitchen, including an overweight or unbalanced condition caused by Buyer, including lack of maintenance of vehicle components including, but not limited to, brakes, wheel bearings, and tires, which may result in any injury, damages or death and by signing hereunder, the customer releases Company and trailer manufacturer from any claims, damages, penalties or liabilities, which in any way accrue or arise

after customer takes delivery of Equipment. Buyer further acknowledges that the Mobile Kitchen may fall under various state and federal commercial motor vehicle laws and regulations, and it is the Buyer's sole responsibility to ensure compliance with those laws and regulations.

Further, Buyer is solely responsible for the selection and proper use of the vehicle used to tow the Mobile Kitchen ("tow vehicle"). Buyer should consult with a motor vehicle manufacturer or their dealer concerning the purchase and use of suitable tow vehicles for the Mobile Kitchen. Company disclaims any liability or damages suffered as a result of the selection, operation, use or misuse of a tow vehicle. **COMPANY'S LIMITED WARRANTY DOES NOT COVER DAMAGE TO THE MOBILE KITCHEN OR THE TOW VEHICLE AS A RESULT OF THE SELECTION, OPERATION, USE OR MISUSE OF THE TOW VEHICLE.**

#### 10. Indemnification.

A. Buyer shall indemnify and hold the Company, its officers, employees, contractors, agents, and trailer manufacturer harmless from any loss, lawsuit, liability, damage, cost, and expense (including reasonable administrative and attorneys' fees) that may arise out of or result from (i) claims by third persons against Buyer that the Mobile Kitchen has caused damage to property or bodily injury (including death); (ii) the acts or omissions of the Buyer, its officers, employees, contractors, agents and trailer manufacturer in connection with this Agreement; (iii) any defects in equipment supplied by the third-parties or trailer manufacturer; (iv) any violations, fines or fees in connection with local municipal or governmental requirements after the date of delivery of the Mobile Kitchen or (v) any violations, fines or fees in connection with health department violations or changes in regulations after the health inspection is completed on the Mobile Kitchen.

B. The invalidity, in whole or in part, of any of the foregoing paragraph will not affect the remainder of such paragraph.

11. Default by Buyer. Because your Mobile Kitchen is custom ordered and manufactured, Company incurs significant costs in starting production of your Mobile Kitchen. We also incur significant costs for remarketing and reselling the Mobile Kitchen if you default in this Agreement. As a result, your Order Payment is earned by the Company and non-refundable. You acknowledge that the Order Payment amount is a fair and reasonable estimate of the actual damages that we have incurred or may incur, costs that are otherwise impracticable or extremely difficult to determine.

Default by Buyer in payment or performance of any material duty or obligation under this Agreement, shall constitute a breach of this Agreement. A written notice to cure may be sent to Buyer, at the sole discretion of Company, and, if the default is not cured within ten (10) days from the written notice from Company of the default, the Buyer will be deemed in default of this Agreement. In such an event, Company, at its sole option, may employ any remedy then available to it, whether at law or in equity, including, but not limited, to the following:

A. Withhold performance or further performance hereunder until all such defaults have been cured, provided, however, that Company shall continue to perform hereunder in the event of a bona fide payment dispute, which has been communicated to Company; or

B. Pursue any other rights and remedies available to Company under the laws of the State of Georgia with the prevailing party entitled to recover all costs, including attorney's fees, incurred in the enforcement of this Agreement.

## 12. General.

A. Notices. All notices and other communications pertaining to this Agreement shall be in writing and shall be deemed duly to have been given if personally delivered to the other party or if sent by the United State Postal Service certified mail, return receipt requested, postage prepaid or by Federal Express, United Parcel Service or other nationally recognized overnight carrier. All notices or communications between Buyer and Company pertaining to this Agreement shall be addressed as follows:

If to Buyer: at the address below its name on the signature page

If to Company: at the address stated in the preamble to this Agreement.

B. Waiver. Any waiver by either party of a breach of any provision of this Agreement shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Agreement. The failure of a party to insist upon strict adherence to any term of this Agreement on one or more occasions shall neither be considered a waiver nor deprive that party of any right thereafter to insist upon strict adherence to that term or any other term of this Agreement. Any waiver must be in writing and signed by the party to be charged therewith.

C. Modifications. No revision or modification of this Agreement shall be effective unless in writing and executed by an authorized representative of both parties.

D. Severability. If any portion of this Agreement is held invalid, such invalidity shall not affect the validity of the remaining portions of the Agreement, and the parties will substitute for any such invalid portion hereof a provision which best approximates the effect and intent of the invalid provision.

E. Construction. This Agreement shall be governed by the laws of the State of Georgia.

F. Arbitration. Any controversy or claim between the parties (including any controversy or claim arising out of or relating to this Agreement or its formation, and including any question of arbitrability) shall be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction. The place of arbitration shall be the city and state where Company's headquarters are located. EACH PARTY, KNOWINGLY AND AFTER

CONSULTATION WITH COUNSEL, FOR ITSELF, ITS SUCCESSORS AND ASSIGNS, WAIVES ALL RIGHT TO TRIAL BY JURY OF ANY CLAIM ARISING WITH RESPECT TO THIS AGREEMENT OR ANY MATTER RELATED IN ANY WAY THERETO. IN NO EVENT WILL THE LIABILITY OF COMPANY OR ANY AFFILIATE OF COMPANY TO BUYER IN CONNECTION WITH THIS AGREEMENT EXCEED THE PURCHASE PRICE.

G. Headings. The paragraph titles of this Agreement are for conveniences only and shall not define or limit any of the provisions hereof.

H. Entire Agreement. This Agreement, the documents referenced herein and all Exhibits hereto (Exhibits A through C) are intended as the complete and exclusive statement of the Agreement between Buyer and Company with respect to the subject matter hereof, and supersede all prior agreements and negotiations related thereto.

I. Binding Effect. The provisions hereof shall be binding upon and shall inure to the benefit of Buyer and Company, their respective successors, and permitted assigns.

J. Survival. The representations and warranties contained in above shall survive termination of this Agreement.

K. Counterparts. Provided that all parties hereto execute a copy of this Agreement, this Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Executed copies of this Agreement may be delivered by facsimile transmission, electronic mail or other comparable means. This Agreement shall be deemed fully executed and entered into on the date of execution by the last signatory required hereby.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, (BUYER) and KEYSTONE MANUFACTURING, LLC have signed this Agreement as of the day and year first written above, and the person executing this Agreement on behalf of each party represents and warrants that this Agreement has been authorized by all necessary parties, is validly executed by an authorized officer or agent, and is binding upon and enforceable against the company in accordance with its terms.

For Buyer: (BUYER)

By:

Name:

Date:

Address:

For Company: Keystone Manufacturing, LLC

By:

Name: Alexander Gingold

Date:

## EXHIBIT A Description of Equipment

Trailer build to meet requirements for licensing in (Operating city and state) in the following zip codes at the time of delivery:

In the event of any inconsistency between the terms in the main body of the Agreement and the terms in Exhibit A attached hereto, the terms in the main body of the Agreement will control.

## EXHIBIT B

(Copy of trailer invoice)

Specifications

See Below Buildout and Equipment Specifications

EXHIBIT C  
FORM OF CERTIFICATE OF ACCEPTANCE

FINAL CERTIFICATE OF ACCEPTANCE FOR PURCHASE OF MOBILE KITCHEN

In compliance with the terms, conditions and provisions of the Purchase and Sale Agreement dated \_\_\_\_\_ (the “Agreement”), by and between the undersigned (Buyer) (the “Buyer”) and KEYSTONE MANUFACTURING, LLC (the “Company”), Buyer hereby:

1. (a) certifies and warrants that the vehicle and equipment described in the above-referenced Agreement (the “Mobile Kitchen”) is delivered and undamaged as of the Acceptance Date, as indicated and defined below;
2. (b) accepts the Mobile Kitchen for all purposes under the Agreement and all attendant documents as of this        day of                                (the “Acceptance Date”).

BUYER: \_\_\_\_\_

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

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

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

**EXHIBIT L**

**DONUTNV DEPOSIT AGREEMENT**

This Agreement is made between DonutNV Franchising, Inc., a Florida corporation (“Franchisor”), and \_\_\_\_\_, a resident of \_\_\_\_\_ (“Prospect”).

Background Statement: Franchisor is the franchisor of the DonutNV brand. Prospect desires to reserve a territory for development of a DonutNV franchise.

1. Deposit and Reservation of Territory. Upon signing this Agreement, Prospect will pay a \$5,000 deposit (the “Deposit”) to Franchisor to reserve the territory or territories described on Exhibit A (the “Reserved Territory”) until \_\_\_\_\_ (the “Expiration Date”). Franchisor will not sell a DonutNV franchise for the Reserved Territory to any person other than Prospect prior to the Expiration Date. If Prospect signs a DonutNV Franchise Agreement for the Reserved Territory for a total initial franchise fee of \_\_\_\_\_ on or prior to the Expiration Date, the deposit will be applied towards the initial franchise fee. If Prospect does not sign a DonutNV Franchise Agreement by such date, then Franchisor may sell the Reserved Territory to another prospective franchisee.

2. Limited Refundability. Franchisor will refund the Deposit if and only if the parties do not sign a standard DonutNV Franchise Agreement because Franchisor decides not to proceed with a Franchise Agreement with Prospect or because Franchisor would be in violation of applicable law by executing a Franchise Agreement with Prospect. Otherwise, the Deposit is not refundable.

3 Miscellaneous. This Agreement contains the entire agreement of the parties concerning its subject, and no modification will be effective except by a written amendment executed by both of the parties. This Agreement is not an offer to enter into a franchise agreement and is not a grant to Prospect of an option to enter into a franchise agreement. This Agreement is governed by laws of the State of Florida. Any dispute regarding this Agreement will be resolved in state or federal courts of Orange County, Florida.

Agreed to by:

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

DONUTNV FRANCHISING, INC.

By: \_\_\_\_\_  
Name: Alex Gingold  
Title: Co-Founder, CEO & Donut Connoisseur  
Date: \_\_\_\_\_



Exhibit A – Reserved Territory

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

| <b>State</b> | <b>Effective Date</b> |
|--------------|-----------------------|
| Indiana      | Pending               |
| Michigan     | July 11, 2022         |
| Minnesota    | Pending               |
| New York     | Pending               |
| Rhode Island | 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.



## RECEIPT

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

If DonutNV Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If DonutNV Franchising, 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 any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

| Name           | Principal Business Address                               | Telephone No. |
|----------------|--|---------------|
| Alex Gingold   | 9101 International Dr., Suite 1304, Orlando, FL 32819    | 1.833.DonutNV |
| Amanda Gingold | 9101 International Dr., Suite 1304, Orlando, FL 32819    | 1.833.DonutNV |
| Jennifer Cain  | 14301 First National Parkway, Suite 312, Omaha, NE 68154 | 531-333-3278  |
| Alex Gomez     | 14301 First National Parkway, Suite 312, Omaha, NE 68154 | 531-333-3278  |
| Amie Hawk      | 14301 First National Parkway, Suite 312, Omaha, NE 68154 | 531-333-3278  |
| Jake Hamburger | 14301 First National Parkway, Suite 312, Omaha, NE 68154 | 531-333-3278  |
| Hannah Miller  | 14301 First National Parkway, Suite 312, Omaha, NE 68154 | 531-333-3278  |

Issuance Date: April 5, 2023

I received a disclosure document dated April 5, 2023, that included the following Exhibits:

- |  |   |
|--|---|
| A. State Administrators and Agents for Service of Process        | F. Current and Former Franchisees                 |
| B. Franchise Agreement (with Guaranty and Non-Compete Agreement) | G. State Addenda to Disclosure Document           |
| C. Development Rights Rider                                      | H. State Addenda to Franchise Agreement           |
| D. Financial Statements  | I. Form of General Release                        |
| E. Operations Manual Table of Contents                           | J. Trailer Package                                |
|  | K. Purchase and Sale Agreement for Mobile Kitchen |
|  | L. Deposit Agreement                              |

Signature: \_\_\_\_\_

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

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

**Keep This Copy For Your Records**



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Signature: \_\_\_\_\_

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

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

**Return This Copy to Us**