FRANCHISE DISCLOSURE DOCUMENT

Cinnaholic Franchising, LLC
a Georgia Limited Liability Company
1567 Mt. Vernon Road, Suite 112
Atlanta, GA 30338
Telephone: (404) 273.0229
www.cinnaholic.com

As a franchisee you will operate a casual, full-service specialty bakery under the trademark CINNAHOLIC® featuring custom gourmet cinnamon rolls, and other food products and beverages authorized by us.

The total investment necessary to begin operation of a CINNAHOLIC® bakery is $187,000 to $368,500. This includes $39,000 that must be paid to the franchisor or its affiliate. You must sign a market development agreement and you must pay a market development fee equal to $39,000 for each bakery that you agree to develop under the market development agreement. The market development fee you pay will be credited against the initial franchise fee for that bakery, as long as you develop and open the bakery according to your development schedule.

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, contact Spencer Reid at 1567 Mt. Vernon Road, Suite 112, Atlanta, GA 30338, phone (404) 273-0229.

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 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.

The date of issuance of this Franchise Disclosure Document is: April 23, 2021.

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

<u>Business model can change.</u> 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.

<u>Supplier restrictions.</u> 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.

<u>Operating restrictions.</u> 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.

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

<u>Renewal.</u> 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.

<u>When your franchise ends.</u> 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. **<u>Out-of-State Dispute Resolution.</u>** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Georgia. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Georgia 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.

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APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN EXHIBIT E.

ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Franchisor. The franchisor is Cinnaholic Franchising, LLC, a Georgia limited liability company. To simplify the language in this Disclosure Document, we will refer to Cinnaholic Franchising, LLC as "we", "us", "our" or "CINNAHOLIC." This Disclosure Document will refer to the person or entity that buys the franchise from us as "you" or "your", and the term includes your partners if you are a partnership, your members if you are a limited liability company, or your shareholders if you are a corporation. If you are a corporation, partnership, or limited liability company, your owners will have to guarantee your obligations and be obligated to comply with the terms of the franchise agreement and ancillary documents described in this Disclosure Document.

We are a Georgia Limited Liability Company organized on January 20, 2014. Our corporate address is 1567 Mt. Vernon Road, Suite 112, Atlanta, GA 30338 and our telephone number is (404) 273-0229. We do business under "CINNAHOLIC." Our agents for service of process are disclosed on Exhibit A to this Disclosure Document.

We began offering franchises for CINNAHOLIC® bakeries (or "Bakery") in February, 2014. We have not operated any other type of business (franchise or otherwise).

Parents and Affiliates.

We have no parents, predecessors, or affiliates required to be included in this Item.

The Franchise. We offer franchises for the operation of a bakery which offers custom gourmet cinnamon rolls and other food products and beverages we authorize, under the form of Franchise Agreement attached to this Disclosure Document as Exhibit C (the "Franchise Agreement"). Under the Franchise Agreement, you will operate your Bakery at a designated location. Additionally, your Bakery will be permitted to offer catering services to homes and businesses located within a 10 mile radius of your Bakery. In connection with our CINNAHOLIC® concept, we may develop various specialty food products which we may sell under the brand and also under other brands we may create and develop in the future.

A typical CINNAHOLIC® Bakery occupies approximately 700-1200 square feet of space that may be either owned by you or leased from a third party. All Bakeries are constructed to our specifications as to format, size, layout, décor, and the like. A CINNAHOLIC® Bakery may be located in either in a freestanding building, an in-line retail plaza space or an end-cap space, but, in any event, ample parking, good visibility, and availability of prominent signage are a necessity. A CINNAHOLIC® Bakery will employ approximately 5 to 15 persons. Depending on your staffing needs, some of these employees may not work full time.

You will operate a CINNAHOLIC® Bakery, at your expense, as an independent business utilizing our business format, procedures, designs, trade dress, standards, specifications, and methods of operation. You must use the CINNAHOLIC® franchise system at your Bakery, which includes, without limitation, the common use and promotion of the name CINNAHOLIC® and other service marks, trademarks, trade names, logos, emblems, signs, slogans, insignia and other commercial symbols we may designate periodically (collectively, the "Marks"); distinctive food products, recipes and quality standards; procedures for inventory and management control; training; advertising and promotional programs; and ongoing assistance. We may periodically add or delete products and/or services and change specifications, standards, procedures, and methods of operation, and you will be expected to follow suit. You will offer and provide products and services to the general public, at all times complying with the Franchise

Agreement and our confidential operations manual (the "Operations Manual") that will be loaned to you at the time of training. You may only offer services and products that we have previously approved.

Competition. CINNAHOLIC® Bakeries compete primarily with other cinnamon roll bakeries, such as Cinnabon®, bakeries in general and bakery cafes that offer similar menus, including regional and national chains and franchise systems. The cinnamon roll bakery business is very competitive which is often driven by strong price competition, however, we believe that we have created a niche market with CINNAHOLIC® bakery by creating a specialty bakery with a unique quality, custom gourmet products, trade dress and appearance which is easily distinguishable from other cinnamon roll bakeries. Previous business management experience is helpful for new franchisees, and previous bakery or restaurant management experience is highly desirable. Previous business ownership experience also is highly desirable.

The Agreements. You must enter into a Market Development Agreement, the current form of which is attached to this Disclosure Document as Exhibit B (the "Development Agreement"). Under the Development Agreement, you must develop, open and operate an agreed upon number of Bakeries located in an area of responsibility (the "Area of Responsibility") in accordance with an agreed upon development schedule (the "Development Schedule"). You must enter into a Development Agreement even if you will establish only one Bakery. There is no preset minimum or maximum number of Bakeries that you may agree to establish in connection with a Development Agreement. The number of Bakeries to be developed is negotiated between you and us on a case-by-case basis. The Development Agreement will expire on the day after operations of the final Bakery to be established under the Development Agreement are required to begin as provided on the Development Schedule. The Development Agreement will not grant any protected territory, exclusivity or other rights in which to establish your Bakeries in the Area of Responsibility. You may establish your Bakeries at any location within the Area of Responsibility provided we consent to the location, which may be withheld or granted in our sole discretion, the location is in a state where we are permitted to sell CINNAHOLIC® franchises, and the Bakery is not located in the franchise territory granted to another CINNAHOLIC® franchisee. Within our sole discretion, we may consider a location proposed by you outside your Area of Responsibility.

You will operate each Bakery to be developed under the Development Agreement under a separate Franchise Agreement. The Franchise Agreement will grant you a protected territory (the "Franchise Territory"), the size and scope of which will be determined on a case-by-case basis by considering the population, traffic flow, presence of businesses, location of competitors (including other CINNAHOLIC® franchisees), demographics and other market conditions surrounding the location of the Bakery. The Franchise Territory may not be unilaterally altered, and the continuation of the Franchise Territory during the term of the Franchise Agreement does not depend on a certain sales or revenue volume or market penetration. We may not operate, or permit any other person to operate, a CINNAHOLIC® Bakery in the Franchise Territory during the term of the Franchise Agreement; although, we may distribute products, or permit others to distribute products, which are the same or similar to those offered by CINNAHOLIC® Bakeries, whether under the Marks or under other trademarks, trade names, service marks, logos or other commercial symbols and through any channel of distribution or method other than a CINNAHOLIC® Bakery within the Franchise Territory, including sales through catalogs, e-commerce, mail order, kiosks, mass merchandise, grocery stores, supermarkets, mom & pops, gourmet shops, warehouse clubs, and convenience and other stores, even if you sell these products at your Bakery. We may also operate or permit others to operate CINNAHOLIC® bakeries at non-traditional locations within your Franchise Territory such as sports stadiums, arenas, universities and schools, hospitals, airports, shopping malls, and the like.

Regulatory Matters. In addition to laws and regulations that apply to businesses generally like workers' compensation, corporate, tax, you will be subject to various federal, state, and local government regulations including those relating to construction, site location, and the preparation and sale of food and liquor that apply to bakery operations, as well as public health, sanitation and safety codes and ordinances. If you sell liquor, beer, or wine at your Bakery, you must obtain a liquor license under state and local law. You may also have liability under Dram Shop laws for injuries relating to the sale and consumption of these substances. You must acknowledge in the Franchise Agreement that you are responsible for keeping apprised of, and complying with, all applicable laws, including the Americans with Disabilities Act, as amended. Before you buy a franchise, you are encouraged to investigate these regulations and other laws that may be applicable to your business. You should consider their impact on your business and any increased cost of doing business.

Note that the ongoing development of the COVID-19 epidemic is having and will have an impact on laws, rules and regulations relating to the operation of a bakery, including orders or recommendations that they close or impose social distancing measures for unknown periods of time.

ITEM 2
BUSINESS EXPERIENCE

President –Spencer Reid
September 2014 – Present, President—Cinnaholic Franchising, LLC; September 2016 - September 2017, Vice President Franchise Development - Discovery Point Learning Centers; August 2014 - August 2016, Vice President Franchise Development - Great Wraps. All positions held in Atlanta, Georgia.

CEO - Daryl Dollinger
April 2018– Present, CEO – Cinnaholic Franchising, LLC; April 2010 – Present, President – Big Game Brands, LLC; June 2008 – Present, President – Flying Biscuit Franchising, Inc.; June 2008 – Present, President, Director of Operations, Brand Leader, Secretary – Monkey Joe's Franchising, LLC; May 2012 – August 2019, Manager – Atlanta Franchise Group LLC; June 2008 – August 2019, President – Raving Brands Holdings, Inc. All positions held in Atlanta, Georgia.

Trainer—Eleni Dandelakis
February 2020 – Present, Training/Franchise Operations Consultant – Cinnaholic Franchising, LLC; November 2019-February 2020, Store Manager, Cinnaholic Athens; September 2016 – March 2018, Manager, Tomatillos Bar and Grill. All positions held in Athens Georgia and Atlanta, Georgia.

Marketing and Operations Manager—Cindy Blankinship
February 2017 – Present, Marketing and Operations Manager – Cinnaholic Franchising, LLC; October 2007 – January 2017, Graphic Designer/Creative Director, Great Wraps LLC. All positions held in Atlanta, Georgia.

Director of Operations—Leanne Cavallaro
January 2021 - present, Director of Operations, Cinnaholic Franchising LLC; June 2019 - January 2021, Franchise Business Consultant, Cinnaholic Franchising, LLC; September 2015 - May 2019, Director of Brand Services, Uncle Maddio's Pizza. All positions held in Atlanta, Georgia.

Director of Marketing—Heather Stennis
June 2019 – Present, Director of Marketing – Cinnaholic Franchising, LLC; September 2017 – May 2019, Marketing Director, Mellow Mushroom Franchise Company LLC; January 2015 - April 2018, Director of

Marketing, Home Grown Industries of Georgia dba Mellow Mushroom. All positions held in Atlanta, Georgia.

ITEM 3
LITIGATION

In Re: The S&Q Shack, LLC, Debtor through Paul H. Anderson, Jr., as Chapter 7 Trustee vs. H. Martin Sprock, III, Daryl Dollinger, MIBI Investment, LLC, Robert Brand, J. Rutherford Seydel, II, J. Randall Hollingsworth, Davis, Pickren, Seydel & Sneed f/k/a Davis, Pickren & Seydel, LLP, SP Investments, LLC, MSWG, LLC f/k/a Moe's Southwest Grill, LLC, P.J.'s Coffee & Tea, Inc., Planet Smoothie Franchises, LLC, Raving Brands Holdings, Inc. d/b/a Raving Brands Holdings, LLC, Raving Brands International, LLC, RB Investments, LLC, and Shane's 41, LLC, United States Bankruptcy Court for the Northern District of Georgia, Atlanta Division, Adversary Proceeding No. 12-05429. Filed August 24, 2012.

In 2012, the United States Bankruptcy Trustee sued certain of our affiliates, officers, and directors as well as other defendants. The lawsuit claims there were fraudulent transfers, constructively fraudulent transfers, and wrongful distributions made in connection with the sale of one of our affiliates, The S&Q Shack, LLC ("S&Q"), to Edmonds Capital Fund I, LLC. The lawsuit further alleges that S&Q forgave the debts some of our "affiliates" may have owed S&Q. Specifically, the Complaint alleges our affiliates, officers, directors, and the other defendants caused or benefitted from the distribution of the entire proceeds from the sale of the S&Q assets, thereby leaving no assets available to pay S&Q's creditors nor receivables that could be collected to pay S&Q's creditors. The lawsuit further claims Martin Sprock authorized Daryl Dollinger to make wrongful distributions of the proceeds from the S&Q sale to RBI, Mr. Sprock, and other defendants. The lawsuit seeks to recover the transfers made to ten defendants, including certain of our affiliates, on the grounds that the defendants did not take such amounts for value or in good faith. The lawsuit also seeks to make Mr. Sprock personally liable for the amount of any "excess" in the distribution made to him. The Complaint further demands that property be turned over to the bankruptcy estate by our affiliates and the other defendants.

We and the other defendants investigated the allegations, and believe there are material inaccuracies in the Complaint and that substantial defenses exist. This adversary proceeding was stayed pending completion of litigation in the underlying bankruptcy cases of RBI and S&Q over the allowed amount of the claim of BV Retail, the sole remaining creditor in those cases. After the amount of the claim was adjudicated by the bankruptcy court, the Bankrupt Estate, the trustee, BV Retail and all of the defendants (except for Brand and Hollingsworth) successfully mediated the claims to a global resolution in November 2016. The parties subsequently executed a settlement agreement and an order approving settlement and dismissing this proceeding followed in 2017.

In Re: Raving Brands, Inc., Debtor through Paul H. Anderson, Jr., as Chapter 7 Trustee vs. H. Martin Sprock, III, Daryl Dollinger, Stephen LaMastra, Flying Biscuits Franchising, Inc., Monkey Joe's Franchising, LLC, Raving Brands Holdings, Inc., MH Group Holdings, LLC, Doc Green's Gourmet Salads, Inc., Doc Green's on Ponce, LLC, MSWG, LLC, Moe's SW Grill LLC, Mama Fu's Noodle House, Inc., Mama Fu's Peachtree, LLC, P.J.'s Coffee & Tea, Inc., and Bonehead's Peachtree, LLC, United States Bankruptcy Court for the Northern District of Georgia, Atlanta Division, Adversary Proceeding No. 12-05417. Filed August 16, 2012.

In 2012 the United States Bankruptcy Trustee sued the Company, certain of our affiliates, officers, and directors, namely Martin Sprock, Darryl Dollinger, and Stephen LaMastra, as well as other defendants, namely FLYING BISCUIT FRANCHISING, INC., MONKEY JOE'S FRANCHISING, LLC, RAVING

BRANDS HOLDINGS, INC., MH GROUP HOLDINGS, LLC, DOC GREEN'S GOURMET SALADS, INC., DOC GREEN'S ON PONCE, LLC, MSWG, LLC, MOE'S SW GRILL, LLC, MAMA FU'S NOODLE HOUSE, INC., MAMA FU'S PEACHTREE, LLC, P.J.'S COFFEE & TEA, INC., and BONEHEAD'S PEACHTREE, LLC (the "RBI Affiliates"). Count I is titled "Corporate Waste" and seeks relief from Sprock, Dollinger and LaMastra for their alleged failure to charge RBI Affiliates for using the Raving Brands website. Count II is titled "Unjust Enrichment" and seeks relief from the RBI Affiliates for the value they obtained from use of the Raving Brands website. Count III is titled "Quantum Meruit" and seeks relief from the RBI Affiliates for the value the debtor provided to them by their use of the Raving Brands website. Count IV is titled "Piercing the Corporate Veil" and seeks to make Sprock personally liable as alleged 100% shareholder of debtor RBI for all debts of RBI under an abuse of entity and unity of interest theory. Count V is titled "Alter Ego" and seeks to make all defendants personally liable for all debts of RBI under an abuse of entity and unity of interest theory. Count VI is titled "Breach of Fiduciary Duty" and alleges that defendants Sprock, Dollinger and LaMastra, as Directors of debtor RBI, violated their duties of care and loyalty by failing or refusing to allow RBI to charge for or profit from the Raving Brands Website, allegedly its only asset; allowing RBI to incur debts that it could not pay; and allowing the Raving Brands Affiliates to profit at the expense of RBI. Count VII is titled "Violation of the Automatic Stay" and seeks from the Raving Brands Affiliates damages caused by their post-petition use and modification of the Raving Brands website.

We and the other defendants investigated the allegations, and believe there are material inaccuracies in the Complaint and that substantial defenses exist. This adversary proceeding was stayed pending completion of litigation in the underlying bankruptcy cases of RBI and S&Q over the allowed amount of the claim of BV Retail, the sole remaining creditor in those bankruptcy cases. After the amount of the claim was adjudicated by the bankruptcy court, the Bankrupt Estate, the trustee, BV Retail and all of the defendants except for LaMastra successfully mediated the claims to a global resolution in November 2016. The parties subsequently executed a settlement agreement and an order approving settlement and dismissing this proceeding followed in 2017.

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

ITEM 4
BANKRUPTCY

On March 19, 2009, a creditor, BV Retail, LLC ("BVR"), filed an involuntary petition against S&Q Shack for liquidation under Chapter 7 of the U.S. Bankruptcy Code. In re The S&Q Shack, LLC, No. 09-67151 (N.D. Georgia Atlanta Division 2009). S&Q Shack was an affiliate of ours with the same business address as ours. Additionally, Daryl Dollinger, an officer of ours, was an officer of S&Q Shack. BVR claims that S&Q Shack owes BVR certain money in connection with a lease between S&Q Shack and BVR (the "Lease"). On April 13, 2009, S&Q Shack answered the petition and denied BVR allegations that (i) BVR is eligible to file the involuntary petition and (ii) S&Q Shack is not paying debts to BVR that are not subject to a bona fide dispute as to liability or amount. S&Q Shack also asserted in the answer that BVR lacked standing to file the involuntary petition because there are more than 12 creditors with claims that are not contingent or subject to bona fide dispute. By order dated August 27, 2010, S&Q Shack was placed into involuntary bankruptcy. S&Q Shack has cooperated with the U.S. Bankruptcy Trustee in the production of financial and other requested information. Several meetings of creditors have been held. The Trustee has sold certain shares of preferred stock owned by S&Q Shack as part of the administration of the debtor's estate, but otherwise has given no indication as to any plans beyond gathering information relating to the business, operations and finances of S&Q Shack, including but not limited to the sale of the assets of S&Q Shack and the ensuing distribution to shareholders.

On April 1, 2009, a creditor, BVR, also filed an involuntary petition against RBI for liquidation under Chapter 7 of the U.S. Bankruptcy Code. In re Raving Brands, Inc., No. 09-68410 (N.D. Georgia Atlanta Division 2009). RBI is an affiliate of ours with the same business address as ours. Additionally, Daryl Dollinger, an officer of ours, and an officer of RBI. BVR claims that RBI owes BVR certain money in connection with the Lease and a Consent Judgment that BVR obtained against RBI. The Consent Judgment entered against RBI related to S&Q Shack's obligations under the Lease which RBI guaranteed and signed a promissory note related to certain amounts due under the Lease. On April 27, 2009, RBI answered the petition and denied BVR allegations that RBI is not paying debts to BVR that are not subject to a bona fide dispute as to liability or amount. RBI also asserted in the answer that the petition should be dismissed because the petition seeks to invoke involuntary bankruptcy against a putative debtor that lacks any assets which could be liquidated in a Chapter 7 case. By order dated August 20, 2010, RBI was placed into involuntary bankruptcy. At present, RBI is cooperating with the U.S. Bankruptcy Trustee in the production of financial and other requested information. Meetings of creditors have been held. At this point, the only activity in the RBI and S&Q Shack bankruptcy cases is the adversary proceedings described above.

After the amount of the claim was adjudicated by the bankruptcy court, the Bankrupt Estate, the trustee, BV Retail and all of the defendants successfully mediated the claims to a global resolution in November 2016. The parties subsequently executed a settlement agreement and an order approving settlement and dismissing this proceeding followed in 2017. This lead to the termination of the bankruptcies in question.

Other than these bankruptcies, no bankruptcy information is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Franchise Fee and Market Development Fee. You must pay us an initial franchise fee equal to $39,000 for each Bakery franchised by you. The initial franchise fee is uniform for all franchisees purchasing a franchise through this Disclosure Document. We have no intention, now or in the future, of reducing the initial franchise fee for any prospective franchisee, although we reserve the right to do so in our sole discretion on a case-by-case basis. We reserve the right to waive or reduce the initial franchise fee for our affiliates, employees, existing franchises or if we run a franchise marketing promotion. Initial franchise fees are not refundable under any circumstances.

In the year ended December 31, 2020, three franchisees received initial franchise fee discounts. Two franchisees received initial franchise fee Veteran discounts of 10% and one franchisee received a multi-unit initial fee discount which was $65,000 for three units. Our current policy is that we may offer discounts for franchisees purchasing three or more units.

As discussed in Item 1 of this Disclosure Document, you must enter into a Development Agreement where you will commit to develop an agreed number of CINNAHOLIC® Bakeries consistent with the Development Schedule. When you sign the Development Agreement, you must pay us an upfront initial franchise fee of $39,000 for each Bakery that you agree to develop under the Development Agreement (the "Development Fee"). The Development Fee is payable in one lump sum when you sign the Development Agreement. If a Bakery is developed in accordance with the Development Schedule, the Development Fee attributable to that Bakery will be credited towards the payment of the initial franchise fee due under the Franchise Agreement. If a Bakery is not established in accordance with the Development Schedule, the Development Fee that would have otherwise been credited towards payment of the initial franchise fee for that Bakery will be forfeited and retained by us. If you and we are unable to agree upon a site for a Bakery and, as a result, you fail to meet your Development Schedule, we may terminate your Development Agreement. If, for any reason, the Development Agreement terminates before all or a portion of the Development Fee has been applied to the initial franchise fees, we will retain the unapplied portion of the Development Fee to compensate us for our time, effort and lost opportunities. The Development Fee is uniform for all franchisees purchasing through this Disclosure Document. We have no intention, now or in the future, of reducing the Development Fee for any prospective Franchisee, although we reserve the right to do so in our sole discretion on a case-by-case basis. The Development Fee is not refundable under any circumstance.

Other Initial Fees. Generally, there are no additional initial fees. Under the Franchise Agreement, we will provide you with assistance in opening the Bakery and training your employees. Although we do not intend to charge you for this assistance, we reserve the right to charge you for extraordinary travel and living expenses incurred by our employees in providing this assistance. In the event you request additional opening assistance, which we envision will only occur in unique circumstances, and we agree to provide you with the extra assistance, you must reimburse us for all costs and expenses we incur in connection with providing you this additional assistance, including, wages, overhead and travel and living expenses of our employees providing the assistance and we have the right to charge our daily fee for additional assistance (see Item 6). It is not possible to estimate a range of these additional costs and expenses because they will vary depending upon a number of factors like the franchisee, the amount of extra assistance requested and the location of the franchise. Like the Market Development Fee and the Franchise Fee, these additional fees are not refundable under any circumstances. Any charges you incur in these circumstances will be in addition to the initial franchisee fee and Development Fee. Currently, you do not have to purchase any opening inventory from us or our affiliates. There may be occasions when you must purchase goods and services from us or our affiliates. These circumstances are described in more detail in Items 6, 7, and 8. The cost of these goods and services, if any, will be in addition to the Development Fee and initial franchise fee. As of the date of this Disclosure Document, we have not charged for these additional initial fees.

ITEM 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	5% of Gross Sales unless you are in default for failure to maintain standards	Every Tuesday for the preceding week's Gross Sales	We will debit your bank account for the Royalty Fee due. See Notes 2 and 7.
Advertising Fund Fee	2% of Gross Sales	Same as Royalty Fee	See Item 11 and Note 7.
Advertising Cooperatives	May not exceed 2% of Gross Sales. See Note 3	Same as Royalty Fee or as designated by your cooperative	See Item 11 and Notes 3 and 7.
Local Advertising	A minimum of 2% of Gross Sales	As incurred	You must make local advertising expenditures as required by Section 11.3 of the Franchise Agreement. You may determine the form and media, subject to our approval before you make the expenditures.

Type of Fee	Amount	Due Date	Remarks
Advertising Deficiency	Amount of Local Advertising Deficiency	Immediately upon demand	If you fail to make local advertising expenditures, we may do so on your behalf and you will reimburse us for those expenditures.
Renewal Fee	50% of the amount of the then-current initial franchise fee	Before renewal	Payable when, and if, you renew your Franchise Agreement. There are other conditions to renew (see Item 17 of this Disclosure Document).
Transfer/Assignment Fee under Franchise Agreement	One half the then-current initial franchise fee at the time of the Transfer/Assignment plus expenses	Before the consummation of the transfer or sale	Payable when, and if, you transfer or sell your franchise. There are other conditions to transfer (see Item 17 of this Disclosure Document).
Transfer/Assignment Fee under Development Agreement	$5,000 plus expenses	Before the consummation of the transfer or sale	Payable when, and if, you transfer or sell the Development Agreement. There are other conditions to this transfer (See Item 17 of this Disclosure Document)
Interest and Late Payment Fees	Up to the highest rate permitted by law but no more than 18% per annum plus $100 per occurrence	Immediately on demand	Payable on all overdue amounts. Interest begins from the date of non-payment or underpayment.
Insufficient Funds Service Fee	$100 per occurrence	Immediately on demand	Payable if any of your payments to us are not honored by your financial institution.
Late Report Fee	$100 per occurrence	Immediately on demand	We may require you to pay us $100 each time you fail to submit to us any required reports or information.
Audit Expenses	Will vary under the circumstances	Immediately on demand	See Note 4.
Additional On-Site Training due to Failure to Maintain Standards	Will vary under the circumstances	As incurred	See Note 5.
Counseling and Advisory Services	Will vary under the circumstances	As incurred	See Note 6.
Additional On-Site Training and Assistance	Will vary under the circumstances	As incurred	You will pay a reasonable fee (e.g. $300 per day) for additional training you request plus the reimbursement of our trainers' travel and living expenses and other related expenses.

Type of Fee	Amount	Due Date	Remarks
Indemnification	Will vary under the circumstances	As incurred	You must reimburse us if we are held liable for damages or other relief related to the operation of your franchise.
Insurance Premiums	Will vary under the circumstances	Immediately on demand	You must reimburse us if we purchase insurance for you because you failed to do so (see Item 8 of this Disclosure Document for details on the insurance requirements).
Conferences	Reasonable fee under the circumstances, if any	Upon demand	If we require you to attend a conference or other meeting, you may have to pay a reasonable fee, which we expect will not be more than $500 per person. As of the date of this Disclosure Document, we do not charge a fee.
Costs and Attorneys' Fees	Will vary under the circumstances	As incurred	Payable only if you do not comply with the Franchise Agreement.
Product Purchases	See Item 8	See Item 8	You must buy products that (i) meet our standards and specifications and, (ii) are purchased from suppliers designated or approved by us.
Product/Supplier Approval Costs	Cost of Testing not to exceed $500	As incurred	This covers the cost of testing new products or inspecting new suppliers you recommend.
Management Fee	10% of Gross Sales and our reasonable costs and expenses	Upon demand	Payable only if you are in default of the Franchise Agreement or you fail to maintain your Bakery in accordance with our standards. We may send in our personnel to operate the Bakery until the default is cured or you are able to meet our standards. During our operation of your Bakery, you must pay us 10% of the Bakery's Gross Sales plus all

Type of Fee	Amount	Due Date	Remarks
			costs and expenses incurred by us in providing this assistance.
Reimbursement of Costs and Expenses regarding Modification of Franchise Agreement	Costs and attorneys' fees	Upon demand	
Maintenance, Service, and Support Contract Fees	To be determined	As incurred	If you must maintain these contracts and if you must participate in any of our contracts for these services, you may have to pay us directly for the vendors' services. As of the date of this Disclosure Document, these fees are not being charged. See Item 7 of this Disclosure Document.
Fines for non-compliance	See footnote 8 Between $100 and $1,000 per violation per day	Within ten days of our notifying you of fines' imposition.	We may levy fines as specified in the Operations Manual for your failure to comply with the Operations Manual after written notice has been given to you and you still have failed to comply.

Note 1: Unless this Disclosure Document specifically provides otherwise, all fees are imposed by and payable to us or our affiliates, and we (or our affiliates) do not refund them.

Note 2: "Gross Sales" means the amount of sales of all products and services sold in, on, about or from the Bakery, together with any other revenues derived from the operation of the Bakery, whether by you or by any other person, whether or not in accordance with the terms of the Franchise Agreement, and whether for cash or on a charge, credit, barter or time basis, including, but not limited to, all sales and services (i) where orders originate and/or are accepted by you in the Bakery but delivery or performance of the order is made from or at any place other than the Bakery or (ii) per telephone or other similar orders received or filled at or in the Bakery. For purposes of determining the Royalty Fee and Advertising Fee, there shall be deducted from Gross Sales: (a) the amount of refunds, allowances or discounts to customers (including coupon sales) up to 10% of the Gross Sales, provided the related sales have previously been included in Gross Sales; and (b) the amount of any excise or sales tax levied upon retail sales and paid over to the appropriate governmental authority. If you are in default of the franchise agreement for failure to meet minimum operational standards, we can increase the royalty to 10% of Gross Sales and charge an additional $250 each week until you rectify the deficiencies.

Note 3: Amounts paid to an advertising cooperative will be credited against your required expenditures for local advertising under Section 11.3 of the Franchise Agreement. All members of an advertising cooperative (whether a franchisee-owned, company-owned or affiliate-owned Bakery) have equal voting rights on all matters brought before the advertising cooperative for a vote including, without limitation, matters relating to the amount of required contributions.

Note 4: You must pay our audit expenses only if an audit of your records reveals an understatement of 5% or more of your total amount owed to us during the audit period. In addition to any unpaid amounts you may owe us, you must reimburse us for the actual costs we incur in conducting the audit, including travel, lodging, meals, and compensation of the auditing personnel that may travel to your Bakery. The cost of the audit will depend on many factors that will vary on a case-by-case basis, like the condition and accuracy of your recordkeeping, the extent of your cooperation, the number of years of your accounting records that are reviewed during the audit process, and other circumstances unique to your particular audit. As a result, we are unable to estimate a range of these audit costs; however, these audit expenses will not exceed our actual costs.

Note 5: If we notify you in writing that you have failed to maintain standards at the Bakery, and you fail to cure the failure within 10 days, we have the right to assign trainers to your Bakery and you have to reimburse us for the trainers' salaries, travel and living expenses and other related expenses. We estimate that the cost of this additional training may range from $500 to $3,000 depending on the extent of the training required and the distance our trainers need to travel.

Note 6: Normally there is no fee for these services, which are provided by telephone or at our offices, unless you require unusual, extensive, or extraordinary assistance. If so, we have the right to charge you a reasonable fee of approximately $300 per day.

Note 7: Under the Franchise Agreement, we require that all royalty and advertising fees and advertising cooperative contributions must be paid by automated bank draft. Accordingly, you must sign an electronic transfer of funds authorization for your bank account.

Note 8: Under the Franchise Agreement, we may impose fines for your failure to comply with the Franchise Agreement or the Operations Manual. The amount of any fine may vary based on the severity of the failure and whether this is the first or a later failure.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment Is To Be Made**
Initial Franchise Fee (See Note 1)	$39,000 for each Bakery	Lump Sum	Will be prepaid as part of the Development Fee that is paid upon signing the Development Agreement	Us
Rent (See Note 2)	$5,000 to $10,000	As Arranged	As Arranged	Landlord
Security Deposit (See Note 3)	$3,000 to $6,000	As Arranged	As Arranged	Landlord

YOUR ESTIMATED INITIAL INVESTMENT				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment Is To Be Made**
Real Estate and Improvements (See Note 4)	$75,000 to $150,000	As Arranged	Before Opening	Landlord, Contractors
Travel and Living Expenses while Training (See Note 5)	$3,000 to $10,000	As Incurred	During Training	Hotels, Bakeries
Furnishings, Fixtures, Equipment and Decorating (See Note 6)	$25,000-70,000	As Arranged	Before Opening	Suppliers, Contractors
Signage (See Note 7)	$3,000 to $7,500	As Arranged	Before Opening	Suppliers, Contractors
Opening Inventory	$3,000 to $5,000	As Arranged	Before Opening	Suppliers
Computer Hardware/ Software	$1,000 to $2,000	As Arranged	Before Opening	Suppliers, Contractors
Grand Opening (See Note 8)	$5,000 to $7,000	As Arranged	As Arranged	Suppliers
Professional Fees	$4,000 to $15,000	As Arranged	Before Opening and Ongoing	Your Accountants, Lawyers, Real Estate Broker, Architectural Firm
Insurance (See Note 9)	$1,000 to $2,000	As Arranged	As Incurred	Insurance Providers
Miscellaneous Opening Costs (See Note 10)	$5,000 to $15,000	As Arranged	As Arranged	Suppliers, Utilities, Tradesmen, Contractors, Us
Additional Funds – 3 months (See Note 11)	$15,000 to $30,000	As Arranged	As Arranged	Suppliers, Employees
Total Estimated Initial Investment (See Notes 12 and 13)	$187,000 to $368,500			

***All of the above expenditures are non-refundable.**

Note 1: The initial franchise fee includes the loan of our Operations Manual and initial training for up to two individuals having responsibility for the day-to-day operations of your Bakery. See Item 11 of this

Disclosure Document for additional information about the initial training program. The initial franchise fee is not refundable under any circumstances.

As discussed in Item 5 of this Disclosure Document, you will pay a Development Fee based on the number of Bakeries you must develop under the Development Agreement. In most circumstances, the Development Fee is credited against the initial franchise fee you must pay for each Bakery developed and opened according to your Development Schedule. If a Bakery is not established in accordance with the Development Schedule, the Development Fee that would have otherwise been credited towards payment of the initial franchise fee for that Bakery will be forfeited and retained by us.

Note 2: These figures presume that you will be leasing the Bakery premises and only represent rent for three months. We are unable to estimate the total cost of purchasing suitable premises for your Bakery or the amount of any down payment that would be required. Rent will vary depending upon the size of the premises, the site's condition, its location, building size, access to major streets, demand for the site, the build-out requirements and construction or other allowances from the landlord, and the requirements of individual landlords. These figures are based upon our initial experience in Berkeley, CA and the experience of our franchisees in 2015 through 2020. These figures may vary considerably in other parts of the United States. Regardless of whether you lease or purchase the Bakery premises, a typical CINNAHOLIC® Bakery occupies approximately 700-1200 square feet of net rentable space. A CINNAHOLIC® Bakery may be either a freestanding building or an in-line retail plaza space, but, in any event, the Bakery requires ample parking, good visibility, and availability of prominent signage. Because of the wide variation in lease rates for retail space, you should thoroughly investigate the costs of obtaining a location.

Note 3: Your lessor may require a security deposit before you take possession of the premises. This deposit may or may not be refundable.

Note 4: The cost of leasehold improvements will vary widely depending upon the size and condition of the premises, whether or not there are any existing and comparable leasehold improvements in the premises, the extent and quality of improvements desired by you over and above our minimum requirements, landlord's cash contribution to the cost of the improvements, and the like. Improvements include electrical, carpentry, floor covering, painting, plumbing, heating, ventilation, and air conditioning. These expenses include fees paid to the General Contractor (defined below).

Note 5: We provide initial training at no charge for up to two individuals, but you must arrange and pay for all food and lodging expenses for the people who attend the initial training program. Costs vary depending on the distance traveled and the type of lodging. The amount shown does not include the cost of transportation. See Item 11 of this Disclosure Document for a description of the initial training program.

Note 6: You must purchase or lease certain equipment (like bakery and kitchen equipment), machinery, furniture, and décor and trade dress items, all of which must comply with our specifications and standards. Costs will vary depending on a number of factors including, without limitation, building codes and health requirements of the state where your Bakery is located.

Note 7: The cost of your exterior sign will vary depending upon the size, color, and back-lite channel letters of the sign and other specifications we and the landlord may require.

Note 8: You must conduct a grand opening promotion with the opening of your Bakery. You must pay all costs of the grand opening, including publicity costs, pre and/or post opening coaching, promotional costs, plus the full cost of any price reductions or other customer inducements. $1,500 to $2,000 (of the $5,000) must be spent on a public relations vendor of our choice or approval. Costs may vary depending on your market and the type of advertising used, however, you must spend a minimum of $5,000 during the period 30 days before and 60 days after the opening of your Bakery or, if you purchased an existing Bakery, 60 days after the purchase of your Bakery. Part of your grand opening promotion will include obtaining pre and/or post opening coaching by a vendor designated by us and the cost of this coaching will count toward your required grand opening promotion expenditures.

Note 9: This figure is an estimate of the annual cost of maintaining the insurance required by the Franchise Agreement.

Note 10: This figure includes amounts for utility costs, business licenses, permits, opening assistance, software monitoring, and the cost of training your employees.

Note 11: This estimates the funds needed to cover your expenses during the first three months of operation. These expenses include payroll costs (excluding any wage or salary paid to you), other miscellaneous expenses, and working capital. Your costs will vary depending on how rapidly your business grows. These figures are estimates based on our past business experience. We cannot guarantee that you will not have additional expenses starting your franchised business. Your costs will depend on factors like how closely you follow our methods and procedures; your management skill, experience and business knowledge; local economic conditions; the local market for our product; the prevailing wage rate; competition; and the sales level achieved during the initial period. All of these expenses are paid to third parties.

Note 12: We relied on our management's business acumen to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. The amount shown is based upon the experiences of our franchisees in 2019 and 2020. Your actual investment and expenditures may vary from the above estimates depending on many factors including where your Bakery is situated, the size of your Bakery, your ability to negotiate to your benefit with your landlord, your management capabilities, and the amount contributed by your landlord. These figures may vary considerably in other parts of the United States. In addition, your costs will depend on factors like: your compliance with our methods and procedures; your management skill; your business experience and business acumen; local economic conditions; the prevailing wage rate; and the growth of your franchise during the initial period.

Note 13: We do not offer direct or indirect financing to franchisees for any of these items. The availability and terms of financing will depend on factors like the availability of financing generally, your credit worthiness, collateral you pledge, policies of your lending institution, and economic conditions in your area.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except as described below, you are not obligated to purchase or lease from us, our designees or suppliers approved by us, or under our specifications, any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, or real estate relating to operating your Bakery. To ensure a uniform image and quality of products and services throughout CINNAHOLIC® franchise system, all food products, supplies, ingredients, equipment, furnishings, employee uniforms, fixtures, inventory, paper products, packaging, and other items used, sold, displayed or distributed in your Bakery (i) must comply with our standards and specifications and (ii) from suppliers designated or approved in writing by us. We may designate at any time and for any reason, a single or multiple suppliers for these items and require you to purchase exclusively from the designated supplier or suppliers, which exclusive designated supplier(s) may be us or an affiliate of ours.

Currently, we do not intend to be, or to appoint any of our affiliates as, an authorized supplier of any products, supplies, equipment, or other items used in the operation of the Bakery. However, we reserve the right to designate ourselves and/or any of our affiliates as an approved supplier in the future, and we may even designate ourselves or an affiliate as the sole supplier of one or more items, in which case, you would have to buy the item from us or our affiliate at our or their then-current price. Our Operations Manual and other communications will identify our standards and specifications and the names of approved or designated suppliers. If we become a designated supplier, we may charge you a reasonable mark-up, surcharge, and handling fee on any items you purchase from us. Monies you pay to us will include a profit for us. We may also designate a vendor(s) to provide food brokerage services to the CINNAHOLIC® franchise system and such vendor(s) may receive, directly or indirectly, revenue from suppliers based on purchases by CINNAHOLIC® franchisees. The revenue may be based on volume or per unit sales. There are no approved suppliers in which any of our officers own an interest. We do not currently derive revenue, directly or indirectly, that we retain as a profit from any suppliers in connection with the services or products they provide to our franchisees.

We and our affiliates have the right to receive payments or other benefits like rebates, discounts, and allowances from authorized suppliers based upon their dealings with you and other franchisees and we may use the monies we receive without restriction for any purpose we deem appropriate or necessary. Suppliers may pay us based upon the quantities of products the CINNAHOLIC® franchise system purchases from them. These fees will usually be based upon an amount per case or an amount per pound. We may receive fees from a supplier as a condition of our approval of that supplier. We do not provide material benefits to franchisees (for example, renewal of existing or granting additional franchises) based on their use of designated or approved suppliers.

We may negotiate supply arrangements with suppliers for the benefit of franchisees. While we are currently developing several such arrangements, none have yet been finalized. We have not currently, but we may in the future, negotiate supply arrangements with suppliers for the benefit of franchisees. There are no other approved suppliers in which any of our officers own an interest. We have negotiated price terms with some suppliers. In the future, there may be various vendors and suppliers that contribute to the cost of the annual convention for CINNAHOLIC® franchise system (the "Convention"). Monies from vendors and suppliers that are used to pay for the cost of the Convention will not be revenue to us.

Site Approval and Construction. We must approve the site for your Bakery and the site must meet our then-current site criteria. If you lease the site for your Bakery, you must collaterally assign your lease to us by signing the form of Collateral Assignment of Lease attached as an exhibit to the Development Agreement and have your landlord sign the Collateral Assignment of Lease consenting to the assignment. Under the Collateral Assignment of Lease, we will be granted the right, but not the obligation, to take possession of your Bakery's premises if your franchise agreement is terminated.

You must employ a qualified general contractor, who is reputable and experienced building units of similar retail concepts, to supervise, delegate and/or perform (i) the construction and development of the Bakery, (ii) the completion of all improvements, (iii) the outfitting of the Bakery with furnishings, fixtures and equipment, and (iv) all other services that are designated by us to be performed by the general contractor in connection with constructing the Bakery (the "General Contractor"). We may designate a single approved General Contractor or furnish you with a list of approved General Contractors for you to employ in the construction of the Bakery. You must hire a General Contractor prior to hiring the Architectural Firm (defined below).

We may designate one or more suppliers of design services and/or architecture services (an "Architectural Firm") to supply these services to CINNAHOLIC® franchise system. At our option, we may authorize the General Contractor to select an Architectural Firm to assist in developing the Bakery. You must hire the

Architectural Firm to furnish to us, for our written approval, a proposed preliminary site and construction plans and specifications (which plans and specifications must be adopted from the prototype plans provided by us) for CINNAHOLIC® Bakery which, if accepted, must not be modified, altered or changed without our prior written consent. You must sign any agreements required to obtain the services of the Architectural Firm and pay for all services provided by the Architectural Firm.

We will have the option of approving or denying a request from you to use a General Contractor and/or Architectural Firm submitted by you to develop and construct your Bakery. In connection with any request, you and the proposed General Contractor and/or Architectural Firm must submit all information and data as we may require to consider the request. We reserve the right to charge you a reasonable fee in connection with evaluating a request to use a proposed General Contractor and/or Architectural Firm. We may deny a request for any reason, including our determination to limit the number of approved General Contractors and/or Architectural Firms.

You must also adhere to our standards and specifications for the construction and design of the Bakery, which will include requirements for the interior and exterior layout, signage, fixtures, and trade dress including the color scheme. You may purchase these items from any supplier that meets our standards and specifications, unless we designate an approved supplier for an item. In which case, you must purchase the item from the approved supplier. We may, at any time, change, delete, add to, or modify any of our standards and specifications. These changes, deletions, additions, or modifications, which will be uniform for all franchisees, may require additional expenditures by you.

You must prepare all required construction plans and specifications and ensure they comply with building codes and ordinances. If your construction plans and specifications deviate from our plans and specifications, you must obtain our approval of the changes. It is your responsibility to obtain all required licenses, permits, and approvals associated with constructing and operating your Bakery.

Point of Sale Computer System. You must purchase a point of sale ("POS") system defined in Item 11. We will designate one or more suppliers for the particular POS system. We have the right to appoint additional suppliers for these POS system or other POS systems we may designate. Neither our affiliates nor we derive revenue from your purchase of a POS system. We may require you to maintain support service contracts and/or maintenance service contracts and implement and periodically make upgrades and changes to the POS system, computer hardware and software, and credit card, debit card and other non-cash payment systems. We may designate the vendor(s) for these support service contracts and maintenance service contracts.

Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require, and you must meet the other insurance-related obligations in the Franchise Agreement. The types of insurance includes comprehensive general liability insurance with coverages for products liability, contractual liability, personal and advertising injury, fire damage, medical expenses and liquor liability, workers' compensation insurance, comprehensive crime and employee dishonesty insurance, business interruption and extra expense insurance, and personal property insurance. We specify the minimum amount of insurance coverage in the Franchise Agreement; however, you may desire to obtain greater coverages. The cost of your insurance will vary depending on the insurance carriers' charges, the terms of payment, and your insurance history.

Maintenance, Service and Support Contracts. We may require you to maintain maintenance contracts or service contracts on all equipment and machinery designated by us (the costs may vary based on the items and the contract you select) and we will have the right to designate the vendor(s) for those contracts. We may also require you to maintain a contract(s), or participate in any of our contracts, with third-party(ies) offering customer service, shopper experience, food safety or other service programs designed to audit, survey, evaluate or inspect business operations. We have the right to specify the third party(ies) and the required level of participation in these programs. You will be responsible for the cost of maintaining these contracts and/or participating in these programs.

Request for Supplier Approval. If (i) you wish to purchase any item from a supplier (manufacturer or distributor and service providers, such as food delivery services or applications) we have not previously approved or an item that does not comply with our standards and specifications and (ii) the item has not been designated by us to be exclusively supplied by a designated supplier(s), you must first submit to us a written request for approval. We will establish a procedure for submitting these requests. We will require the proposed supplier to provide us with certain financial and operational information and other information regarding the supplier and the items to be approved. In addition, the proposed supplier must permit our representatives to inspect its facilities (e.g. business offices and/or manufacturing facilities, as applicable). Before we approve a supplier, we will evaluate the economic terms of a possible relationship and ensure that the proposed supplier meets our requirements. We reserve the right, at our option, and at the proposed supplier's expense, to inspect or re-inspect the facilities, equipment, and raw materials of any supplier, at any time.

The proposed supplier or you must pay, in advance, a fee not to exceed the reasonable cost of any evaluation, testing, and inspections we undertake. Within a reasonable time frame after we receive the completed request and after we complete any evaluation and inspection or testing, (approximately 45 days), we will notify you in writing of our approval or disapproval of the proposed supplier or item. Generally, we will respond to your requests for supplier approval within a reasonable time period not to exceed 90 days. We are not required to approve any supplier or item not meeting our standards and specifications. We may deny approval for any reason, including our determination to limit the number of approved suppliers. You must not use, offer for sale or sell any of the proposed supplier's products or any other product that does not meet our standards or specifications until you receive our written approval of the proposed supplier or item.

We may revoke our approval of particular goods or services, or of the supplier that supplies them, if we determine, in our sole discretion, that they no longer meet our standards or specifications. If you receive a written notice of revocation from us, you must stop selling disapproved products and/or stop purchasing from the disapproved supplier.

Refurbishments. In addition to all your other obligations in the Franchise Agreement and Operations Manual related to repairing and maintaining the Bakery, at our request, but not more often than once every 5 years, unless sooner required by your lease, you must refurbish the premises of the Bakery at your expense, to conform to the bakery, trade dress, color schemes and presentation of the Marks in a manner consistent with the then-current image for new CINNAHOLIC® Bakeries ("Refurbishments"). Refurbishments may include structural changes, installation of new equipment and signs, remodeling, redecoration and modifications to existing improvements. We are unable to estimate your costs for future Refurbishments which will vary from Bakery to Bakery based on a number of factors like: (i) the market where your franchise is located; (ii) the size of your Bakery; (iii) when your Bakery was last refurbished, if applicable; (iv) the amount of CINNAHOLIC® franchise system changes since the last refurbishment; and (v) the overall condition of your Bakery site and equipment.

We estimate that purchases and leases made by you from designated or approved suppliers, or according to our standards and specifications, represents 80% or more of your total cost of establishing, and approximately 90% of the total cost of operating, your Bakery. There are currently no purchasing or distribution cooperatives within the CINNAHOLIC® franchise system. In the future, we may require you to (i) become a member of any purchasing and/or distribution cooperative(s)/association(s)/program(s) designated by us and/or established by us for the CINNAHOLIC® franchise system, (ii) remain a member in good standing of the purchasing and/or distribution cooperative(s)/association(s)/program(s), and (iii) pay all membership dues or fees on purchases that are assessed by the purchasing and/or cooperative(s)/association(s)/program(s).

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section or Exhibit in Development Agreement	Section or Exhibit in Franchise Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	Sections 7 and 8 and Exhibit B	Section 3.1	Items 7, 11 and 12
b. Pre-opening purchases/leases	Sections 7 and 8	Sections 3.1, 9 and 10	Items 7 and 8
c. Site development and other pre-opening requirements	Sections 2.1, 6, 7 and 8	Sections 1, 3.1, 3.2, 10 and 11.1	Items 6, 7, 8 and 11
d. Initial and ongoing training	Not Applicable	Sections 1, 2, 9, 13 and 14	Items 7, 11 and 15
e. Opening	Sections 6 and 8 and Exhibit A	Sections 1, 3.1, 11.1 and 13	Items 6, 7 and 11
f. Fees	Sections 4 and 5	Sections 2.2, 4, 5, 6.2, 6.3, 11, 14, 21.4 and 22.1	Items 5, 6, 7 and 11
g. Compliance with standards and policies/Operating Manuals	Section 8	Sections 7, 8.1 and 9	Items 8, 11, 13, 14 and 16
h. Trademarks and proprietary information	Section 11	Sections 8, 9 and 15	Items 11, 13 and 14
i. Restrictions on products/services offered	Not Applicable	Sections 9 and 25	Items 8 and 16
j. Warranty and customer service requirements	Not Applicable	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Sections 1, 2 and 6 and Exhibit A	Not Applicable	Items 1, 5, 6 and 12
l. Ongoing product/service purchases	Not Applicable	Section 9	Item 8
m. Maintenance, appearance and remodeling requirements	Section 8	Sections 2.2, 9 and 19.4	Items 7, 11 and 17
n. Insurance	Not Applicable	Section 18.2	Items 6, 7 and 8
o. Advertising	Not Applicable	Sections 9 and 11	Items 6, 7, 11 and 12
p. Indemnification	Not Applicable	Section 18.1	Item 6
q. Owner's participation /management/staffing	Not Applicable	Sections 9 and 14.1	Item 15

Obligation	Section or Exhibit in Development Agreement	Section or Exhibit in Franchise Agreement	Item in Disclosure Document
r. Records/reports	Not Applicable	Sections 6.1 and 6.2	Item 6
s. Inspections/audits	Section 8	Sections 6.3 and 9	Item 6
t. Transfer	Section 13	Section 19	Items 6 and 17
u. Renewal	Not Applicable	Section 2.2	Items 6 and 17
v. Post termination obligations	Sections 12.4 and 14	Sections 20 and 22	Items 14, 15 and 17
w. Non-competition covenants	Sections 14.1, 14.2, 14.4 and 14.5 and Exhibit C	Sections 20.1, 20.2, 20.4 and 20.5 and Exhibit B	Items 14, 15 and 17
x. Dispute resolution	Section 21	Section 31	Item 17
y. Personal Guaranty	Section 16 and Exhibit E	Section 26 and Exhibit F	Item 15
z. Confidential Information	Sections 14.3, 14.4 and 14.5 and Exhibit C	Sections 7, 20.3, 20.4 and 20.5 and Exhibit B	Items 11, 14 and 15

ITEM 10
FINANCING

Neither we nor any affiliate offers, directly or indirectly, any financing to you. We do not guarantee any of your notes, leases, or obligations. We are unable to estimate whether you will be able to obtain financing for any or all of your investment or the terms of any financing.

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

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

Services Before Opening. Before you open your Bakery, we will:

(a) Assist you in selecting, and then approve (if appropriate) a lease, sublease or purchase agreement for your Bakery site. We do not choose the site, but may give you support and guidance. (See Development Agreement, Section 7.)

(b) Provide you with a set of standard architectural plans and specifications for a prototype CINNAHOLIC® Bakery. We must approve any and all changes or revisions to the site and construction plans and specifications. (See Development Agreement, Section 8.)

(c) License you the Marks necessary to commence the franchised business. (See Franchise Agreement, Section 1.)

(d) Loan you one copy of the Operations Manual which contain mandatory and suggested specifications, standards, and procedures. The Operations Manual may be provided to you in text and/or electronic format. The Operations Manual is confidential and proprietary and remains our property. We have the right to modify the Operations Manual as we deem appropriate, although the modifications will not alter your status and rights under the Franchise Agreement. Attached to this Disclosure Document as Exhibit D is a copy of the Table of Contents of the Operations Manual. (See Franchise Agreement, Section 7.)

(e) Provide you with grand opening assistance from our personnel, including planning and developing a grand opening social media marketing and promotional program. (See Franchise Agreement, Sections 11.1 and 13.)

(f) Give you periodic guidance (as we deem necessary) about the development, opening and operation of the Bakery, including advice regarding equipment selection and layout and employee selection and training. (See Development Agreement, Section 9 and Franchise Agreement, Section 12.)

(g) Before you commence operating the Bakery, provide initial training for up to two individuals that (i) will assume primary responsibility for managing your Bakery and (ii) will devote full time and best efforts to the management operation of your Bakery (the "Managers"). (See Franchise Agreement, Section 14.1.)

Services During Operation. During the operation of your Bakery, we will:

(a) Give you periodic guidance (as we deem necessary) about (i) the methods and procedures to be utilized at the Bakery; (ii) advertising and promotion; (iii) recipes, food formulas and specifications; (iv) bookkeeping and accounting; (v) purchasing and inventory control; (vi) inspections; and (vii) new developments and improvements to the CINNAHOLIC® franchise system. (See Development Agreement, Section 9 and Franchise Agreement, Section 12.)

(b) Notify you of changes to, or the creation of, Bakery standards and specifications and approved or designated suppliers, or the termination of existing approved or designated suppliers. (See Franchise Agreement, Sections 7 and 8.)

(c) Refrain from operating or granting a third party the right to operate a CINNAHOLIC® Bakery in the Franchise Territory (other than at non-traditional locations such as sports stadiums, arenas, universities and schools, hospitals, airports, shopping malls, and the like). (See Item 12 of this Disclosure Document and Franchise Agreement, Section 3.)

(d) Give you access to advertising and promotional materials we develop. (See Franchise Agreement, Section 11.2.)

(e) Provide additional training for your managers. (See Franchise Agreement, Section 14.3.)

Advertising. We provide advertising materials and services to you through a national advertising fund we have established and control (the "Advertising Fund"). You must participate in the Advertising Fund by contributing 2% of Gross Sales. All affiliate-owned Bakeries or Bakeries we own will also contribute to the Advertising Fund on an equal percentage basis with all franchised Bakeries. The Advertising Fund is established as a separate banking account and monies received from you will be accounted for separately from our other funds. There is no fiduciary or trust relationship created by our administering the Advertising Fund. We may cause the Advertising Fund to be incorporated or operated through a separate entity if we deem appropriate. (See Franchise Agreement, Section 11.2.) We anticipate all of our franchisees will contribute to the Advertising Fund, although there is no prohibition against us charging higher or lower rates for future franchisees. (See Franchise Agreement, Section 11.2.) We also may forgive, waive, settle, or compromise claims by or against the Advertising Fund. We may defer or reduce a franchisee's contribution. If we terminate the Advertising Fund, we will distribute all unused monies to the contributors in proportion to their respective contributions during a pre-determined period. For the 2020 fiscal year end we collected $181,922, which included $1,259 which was a vendor refund, in the Ad Fund. We expended $151,919 in the following approximate proportions: Administrative and Supplies ($5,044 or 3.3%), Advertising and Marketing ($100,950 or 66.5%), Web Design and Web Related Costs ($17,381 or 11.4%) and Printing and Graphics ($28,544 or 18.8%). Fund expenses were less than Fund contributions during the year. Excess funds collected were used to repay prior year Fund advances paid from our Corporate Account, and the remainder, being $22,223 was added to the Fund account balance for future use by the Fund.

We use the Advertising Fund to create, among other things, promotional advertising, marketing programs, market research and marketing and advertising activities. We direct all advertising programs developed with funds from the Advertising Fund and have sole discretion over the creative concepts, materials, media used, media placement, and allocation of these programs. Any advertising program or campaign we develop may include dissemination of advertising through print, radio, television, point-of-purchase materials, or other media. This coverage may be local, regional, or national in scope. We may employ an advertising agency or other agency to assist in the development, production, and dissemination of advertising materials, or we may hire personnel to perform these functions. We have no obligation to spend any amount on advertising in the area where your Bakery is located. (See Franchise Agreement, Section 11.2.) In fact, we have no obligation to spend the Advertising Funds to benefit all franchisees or to ensure the monies are used proportionately or equivalent to a franchisee's contributions to the Advertising Fund.

We may charge all costs of the formulation, development, and placement of advertising and promotional materials to the Advertising Fund. These costs will include the proportionate share of our employees who devote time and render services for advertising and promotion or the administration of the Advertising Fund, including administrative costs, salaries, overhead expenses related to administering the Advertising Fund and its programs. In any fiscal year, we may spend more or less than the aggregate of contributions to the Advertising Fund in that year. The Advertising Fund may borrow from third party lenders to cover deficits, and any lenders will receive interest on the borrowed funds. Any amounts that remain in the Advertising Fund at the end of each fiscal year will be applied toward the next year's expenses. We assume no liability or obligations to you or any franchisee for collecting amounts due to the Advertising Fund or to administering or maintaining the Advertising Fund. Currently, we do not intend to audit the Advertising Fund. If we prepare financial statements for the Advertising Fund, we will make them available to you; however, on request, you may obtain an unaudited accounting of how the Advertising Fund's monies were spent. We will not use funds from the Advertising Fund for advertising that is principally a solicitation for the sale of franchises. (See Franchise Agreement, Section 11.2.) Although we can establish a cooperative in a marketing area and require you to participate, as of the date of this Disclosure Document, we have not done so. If we establish an advertising cooperative in a designated marketing area where you are located, you must participate and abide by any rules and procedures adopted by the cooperative and approved by us. (See Franchise Agreement, Section 11.4.) All affiliate-owned Bakeries or Bakeries we own will become a member of the advertising cooperative for their marketing area and contribute to the applicable advertising cooperative in accordance with the rules and procedures for the advertising cooperative. Each of our marketing areas will encompass a group of franchisees located in a geographically-defined local, regional, or national marketing area. You will contribute to your respective cooperative, but not more than 2% of your Gross Sales, the exact amount to be set by us. Amounts contributed by you to a cooperative will be credited against monies you are otherwise required to spend on local advertising. (See Item 6 of this Disclosure Document). We have the right to draft your bank account for your advertising cooperative contributions and to pass those funds on to your cooperative.

Members of the advertising cooperative will be responsible for administration of their respective advertising cooperative, as stated in the by-laws and any payment agreements that may govern the cooperative. The by-laws and governing agreements will be made available for review by the cooperative's members. We have the right to require a cooperative to prepare annual or periodic financial statements for review. Each cooperative will maintain its own funds; however, we have the right to review the cooperative's finances, if we so choose. Funds used by the cooperative will consist only of contributions made by the members as described above. The funds will be spent on regional advertising and marketing as approved by a majority of the members who vote as more specifically set out in the by-laws governing the cooperative. We maintain the right to approve all of a cooperative's marketing programs and advertising materials. Upon 30 days written notice to affected franchisees, we may terminate or suspend a cooperative's program or operations. We may form, change, dissolve, or merge any advertising cooperative.

Any advertising or marketing materials not prepared or previously approved by us must be submitted to us at least two weeks before any publication or run date for approval. All advertising and promotion must be factually accurate and must not detrimentally affect the Marks or the CINNAHOLIC® franchise system. We may grant or withhold our approval of any advertising or marketing materials, in our sole discretion. We will provide you with written notification of our approval or disapproval within a reasonable time. If we do not notify you of our approval or disapproval within 10 days of our receipt of the materials, the materials will be deemed approved. You must discontinue your use of any approved advertising within five days of your receipt of our request if we subsequently request you to do so. (See Franchise Agreement, Section 11.5).

We do not restrict where you can conduct your advertising and other franchisees will not be precluded from advertising in your Franchise Territory just like you will not be restricted from advertising in someone else's exclusive territory. We or our affiliates may advertise within your Franchise Territory for the sale of products and supplies.

You must participate in any promotional and advertising programs that we establish.

We may use collection agents and bring legal proceedings to collect amounts owed to the Fund. We have no liability or obligation to you for maintaining any cooperative and each cooperative will be organized and governed in the form and manner that we determine in advance. We may change, dissolve, or merge any cooperative.

Local Advertising. You must spend at least 2% of your Gross Sales each calendar quarter on local advertising. We have the right to require that you provide us with proof that these funds were spent. If we require you to participate in an advertising cooperative, you will be able to designate a portion of the monies otherwise spent on local advertising towards the funds required by the cooperative. All affiliate-owned Bakeries must spend money for local advertising on an equal percentage basis with all franchised Bakeries.

Website and Social Media Policy. We currently operate a website related to the CINNAHOLIC® franchise system at www.cinnaholic.com (the "Website"). We have the right to designate a successor Website. Subject to the terms of the Franchise Agreement and Operations Manual, we may make available to you a sub-page on the Website that will be located at a sub-domain of the Website to be specified by us (the "Subpage"). You will be permitted to upload content onto the Subpage solely to promote, and provide customers information related to your Bakery. You may only upload content onto the Subpage in accordance with terms of the Franchise Agreement and any guidelines, directives or specifications (collectively, "Subpage Standards") issued by us. The Subpage may not contain content which references any Bakeries other than your Bakery. You may not upload, publish, display, or otherwise include or use any content on the Subpage without receiving our approval. Once we approve the initial content of the Subpage, you must submit any changes to us before you make any changes. We may, at any time, cease to make the Subpage available to you or the public. Upon the termination or expiration of the Franchise Agreement for any reason or a default under the Franchise Agreement for any reason, you may not upload, content, onto, or otherwise use, the Subpage shall immediately cease, and we may cease to make the Subpage available to you.

We will control all social media and digital marketing which utilizes any of our Marks and control the set-up and establishment of any accounts for social media or digital marketing of any kind which utilize or reference our Marks. You must at all times provide us with all social media and digital marketing login identifiers and passwords and keep us apprised immediately of any changes to that information.

Franchisee shall submit to Franchisor for approval before use, all social media posts and replies including sites such as Facebook, Linked In, Instagram, Yelp! and other sites. Franchisee understands and agrees that Franchisor's right of approval for all such materials is necessitated by the fact that they will include and inextricably be linked with the Marks. Franchisee may only use material or postings which Franchisor has approved. Franchisee shall actively monitor is employees and make certain that they comply with these prior approval policies. Franchisees employees shall be prohibited from using the Marks on any social media without Franchisor's prior written approval.

Internet World Wide Web/Electronic Media. No advertising or promotion may be conducted by you over the Internet/worldwide web or through other forms of electronic media, whether within or outside your Franchise Territory, without our express prior written consent, which we can withhold for any or no reason. (See Franchise Agreement, Section 11.5.) This includes any use by you or your employees of any form of social media which references the Marks in any way; you are fully responsible for your employees with regard to social media and the Marks. You and your employees must comply with any social media policies in the Operations Manual.

Grand Opening. You must develop and implement a grand opening promotion approved by us for your Bakery. We will have the right to fully control any and all grand opening promotional efforts. You must spend a minimum of $5,000 for the grand opening promotion. Part of your grand opening promotion will include obtaining pre and/or post opening coaching by a vendor designated by us and the cost of this coaching will count toward your required grand opening promotion expenditures. $1,500 to $2,000 (of the $5,000) must be spent on a public relations vendor of our choice or approval.

Operations Manual. Exhibit D to this Disclosure Document is a table of contents of our Operations Manual. Our Operations Manual consists of 50 pages.

The number of pages devoted to each subject is listed below:

- Introduction: 2 pages
- Table of Contents: 6 pages
- Mission Statement: 2 pages
- Staffing Your Cinnaholic Franchise: 5 pages
- Policies: 3 pages
- Operations and Maintenance: 8 pages
- Administrative: 9 pages
- Products and Recipes: 4 pages
- Marketing: 8 pages
- Trademarks and Trade Secrets: 3 pages

Computer Hardware and Software. Before opening your Bakery, you must install, at your expense, a POS system. Cinnaholic uses Square POS, which includes a stand kit for an iPad Pro 9.7 inch, iPad Air 2 or iPad Air. The system includes a chip reader, cash drawer, dock for the Square reader and optional receipt printer. Currently, our POS system requirements specify each Bakery must have one POS system terminal.

As described in Item 7, the current initial cost of the POS system including one year of support services is approximately $1,000 to $2,000. You must use the POS system, among other things, to post all product and service sales, keep inventory control, post sales tax, refunds, and credits, and maintain customer information. At your expense, you must maintain the POS system in good working order at all times, and to upgrade or update the POS system during the term of the Franchise Agreement as we may reasonably require in order to meet our then-current standards and specifications. There are no contractual limitations on the frequency and cost of this requirement. We are not contractually obligated to provide any maintenance, repairs, upgrades, or updates. We estimate that the cost of a maintenance or support service contract for a Bakery is around $1,000 per year, but you may need to contact a vendor to determine the scope of the services they offer and the actual cost of those services. You will use the Portal to maintain business information and metrics for your Bakery and generate data and reports on your Bakery. We will have access to your Bakery's information and data on the Portal. We may require the POS system to be accessible by us via modem or otherwise and we will have the right at any time to poll your POS system to retrieve and compile information concerning your Bakery. In other words, we will have independent access to your sales information and data produced by the Portal and your POS system. There are no contractual limitations on our right to access this information and data. (See Franchise Agreement, Section 10.) In addition to the POS system, we may require that you install computer systems meeting our standards and specifications. Currently, we do not require you to purchase computer systems. The computer systems would be used to assist you in the operation of your Bakery. You would be responsible for all costs associated with any computer systems including accessing the Internet. We would have the right to access the information generated by the computer system, without limitation. Finally, you must maintain credit card, debit card or other non-cash payment systems we require. There are no limitations on the frequency and cost of this obligation. (See Franchise Agreement, Section 10.)

Neither we, our affiliates, nor any third parties are required to provide ongoing maintenance, repairs, upgrades, or updates to your POS system or any computer system we may require.

We may require you to maintain support service contracts and/or maintenance service contracts and implement and periodically make upgrades and changes to the POS system, computer hardware and software, and credit card, debit card and other non-cash payment systems. We may designate the vendor(s) for these support service contracts and maintenance service contracts.

You must provide us with information on all delivery service applications being used by you at any time. You must also provide us with all current login identification and passwords for any delivery applications or software you are using.

Site Selection. Each proposed site for a Bakery established under your Development Agreement must be located in your Area of Responsibility. Within our discretion, we may consider sites proposed by you outside your Area of Responsibility. The proposed site for your Bakery must be accepted by us along with any applicable lease, sublease or purchase agreement. We may help you select the site for your Bakery, although we are not obligated to do so. The site for your Bakery may be leased or owned by you. Our approval of a site will be based on the information you give us to review, including a site plan. The information we need should include: (i) square footage; (ii) traffic patterns, flow, and total count; (iii) density and income level of the surrounding population; (iv) land and building costs; (v) zoning patterns; (vi) surrounding educational and recreational facilities; (vii) terms of the lease, if any; (viii) the distance from competing businesses, including other CINNAHOLIC® Bakeries; and (ix) other factors having a substantial bearing on the proposed site. (See Development Agreement, Section 7.) In addition, you must submit for acceptance by us proposed site and construction plans and any modification to our specifications you propose. The construction of the premises must be completed according to our specifications. If you lease the premises, you and the landlord must enter into a Collateral Assignment of Lease in the form attached as Exhibit B to the Development Agreement, which includes, among other things, a provision that permits you to assign your interest in the premises to us when your Franchise Agreement expires or terminates. If we do not approve a site, you must propose a new site. If we and you are unable to agree upon a site for your Bakery and, as a result, you fail to meet your Development Schedule, we may terminate your Development Agreement. Approval of a location does not imply or guarantee the success or profitability of the site. While there is no contractual limit on the time it takes us to approve or disapprove your proposed site and lease, once we have all the necessary documentation for review, we typically take 30-60 days to approve or disapprove the proposed site and lease.

Start-up Time. We expect that you will open your Bakery within 8 to 12 months after you sign the Franchise Agreement. The factors that affect this timing are financing, building permits, zoning, local ordinance issues, and delayed installation of equipment, fixtures, and signs. If you do not commence operation of the Bakery within 12 months after the effective date of the Franchise Agreement, we may terminate the Franchise Agreement.

We do not currently know the impact that the COVID-19 virus epidemic will have on the time to open your franchise. However, if your area is subject to a stay at home order, or if bakeries are or recommended to be closed in your area due to the epidemic, it will impact your time to opening if your leasing, development/construction, training or opening phases are scheduled to take place during those periods of social distancing or restricted operations. And, if you or one of your employees contracts the COVID-19 virus and your staff is subject to quarantine during the pre-opening period, it will most likely increase/delay your time to open.

Conferences and Meetings. Although we are not obligated to do so under the Franchise Agreement, we may hold periodic conferences, management meetings, or refresher courses to discuss sales techniques, personnel training, bookkeeping, accounting, inventory control, and the like. These conferences may be held at our corporate/training location or any other place that we may designate and may last 1 or 2 days. We may charge you a reasonable fee to attend these meetings or conferences, which we expect will not be more than $500 per person (see Item 6). You must pay your own travel and accommodation expenses. (See Franchise Agreement, Sections 14.3 and 14.4.)

Electronic Funds Transfer. You must pay all fees or contributions due under the Franchise Agreement by automated bank draft or other reasonable means necessary to ensure we receive payment of all fees and contributions. You must comply with any of our payment instructions, including executing any forms which grant us the right to debit your account on a weekly basis for payment of royalty, management and advertising fees and contributions and other fees and contributions to be paid to us or required by us under the Franchise Agreement. (See Franchise Agreement, Section 5.3.)

Training. Below is a description of our initial training program as of the date of this Disclosure Document. Training programs are subject to change as procedures and processes change. You must send a minimum of 1 manager to become certified through the training program for each location that you open and operate. We will not charge you a training or registration fee for the participation of these managers in the training program; however, you must pay all travel and living expenses (such as transportation, lodging, meals, and compensation) for the managers who attend the training. These individuals are designated by you as having primary responsibility for managing your Bakery. We may permit additional managers of your Bakery to attend the initial training program, and, if we do, you will be responsible for all costs and expenses incurred by us in providing the training to these additional managers. Unless you will be primarily responsible for managing the Bakery, you do not have to attend initial training. Your designated managers must successfully complete the training program to become certified managers, as determined by us, at least one day before the Bakery opens for business. To become certified, your designated managers must satisfactorily complete all training projects and written tests with a passing score, and successfully demonstrate all on-the-job training procedures detailed in the Operations Manual and the CINNAHOLIC®

Training Manual (the "Training Manual"). In addition, we may require you and your managers and employees to attend additional training programs and you may be charged a reasonable fee for the additional training.

The initial training program instructional materials include various training aids including detailed handouts (such as menu descriptions, recipes, and product specifications), PowerPoint presentations, training videos, vendor reference materials (such as user guides, pricing guidelines, etc.), the Training Manual and the Operations Manual.

You or your managers will be solely responsible for training and managing your employees, not us. You will be responsible for all employment related decisions for your staff.

The initial training program will last a minimum of 1 week (5 to 7 days) per attendee and will be comprised of in-Bakery training in a CINNAHOLIC® approved facility. Training will occur at a training facility in Atlanta, Georgia or at another training facility that we will designate. Training will be conducted as often as we deem necessary, in a predetermined schedule designated by the Training Department. See Item 7 of this Disclosure Document for a discussion of your costs and expenses associated with the initial training program. (See Franchise Agreement, Section 14.1.)

TRAINING PROGRAM

Day 1		
Time	**Classroom Training Lesson**	**Location**
10:00 AM	Mission and Vision	Atlanta, GA
11:00 AM	Policy Review and New Hire Paperwork	
11:00-1 PM	Employee Management (Scheduling and Payroll)	
1:00-2:00 PM	Lunch/Break	
2:00 PM	Inventory Management	
3:00 PM	Social Media Management	
Day 2		
Time	**In-Store Training Lesson**	**Location**
10:00 AM	Inventory and Equipment Review	Atlanta, GA
1:00-2:00 PM	Lunch/Break	
2:00 PM	Prep, Label and Store Ingredients	
3:00-6:00 PM	Review and Practice Opening and Closing Lists	
Day 3		
Time	**In-Store Training Lesson**	**Location**
10:00 AM	Make Brown Sugar Mix	Atlanta, GA
11:00 AM	Make Frosting	
12:00-1:00 PM	Lunch/Break	
1:00 PM	Make Dough and Rolls / Label Properly	
4:00-4:30 PM	Make Baby Buns	
Day 4		
Time	**In-Store Training Lesson**	**Location**
10:00 AM	Process Sales in POS System	Atlanta, GA
11:00 AM	Redeem Vouchers (Groupon, Living Social, Gift Certificate)	
12:00-1:00 PM	Lunch/Break	
1:00 PM	Refund Payments	
1:30 PM	Issue In-Store Gift Certificates	
2:00 PM	Count Drawer and Make Deposit	

2:30 PM	Prep To-Go Boxes	
3:00 PM	Prepare and Serve Coffee/Tea/Hot Chocolate	
3:30-4:00 PM	Take Phone Orders	
Day 5		
Time	**In-Store Training Lesson**	**Location**
10:00 AM	Make Dough and Rolls / Label Properly	Atlanta, GA
11:30 AM	Identify When/How to Bake/Cool/Store/Sample Rolls	
12:30-1:30 PM	Lunch/Break	
1:30 PM	Assemble Rolls for Sale and Display	
2:30 PM	Greet Customers, Explain Menu and Take Orders	
3:30 PM	Review Dish Techniques (3 Compartment Sinks, Sanitize Mixer Bowl, Avoiding Green Sponge on Trays, Drying and Putting Dishes Away Properly, Cleaning Greasy Sinks)	
4:00-4:30 PM	Review and Practice Daily Cleaning Tasks	
Day 6 (if necessary)		
Time	**In-Store Training Lesson**	**Location**
10:00 AM	Make Cookie Dough	Atlanta, GA
11:00 AM	Make/Prep Cookies	
11:30 AM	Make Brownies	
12:30 PM	Make Pie Crumble	
1:30-2:30 PM	Lunch/Break	
2:30 PM	Review and Practice Daily Tasks	
3:00-3:30 PM	Review and Practice Dish Techniques	
Day 7 (if necessary)		
Time	**In-Store Training Lesson**	**Location**
10:00 AM-TBD	Shadowing and Support	Atlanta, GA

Currently we have four training instructors, Heather Stennis, Leanne Cavallaro, Eleni Dandelakis, and Cindy Blankinship. Our training instructor Heather Stennis will be training in marketing. She has 10 years of experience in this field and has been working with us since June 2019. Leanne Cavallaro will be training franchisees in operations. She has 9 years of experience in this field and has been working with us since June 2019: Eleni Dandelakis will be training in Bakery Operations. She has five years of experience in this field and has been with us since March 2020. Cindy Blankinship has over twenty years of marketing experience and has been with us since February 2017. She will be training franchisees, managers and hourly employees on marketing, social media, business management and front of house procedure training.

ITEM 12
TERRITORY

Development Agreement. The Development Agreement will specify an Area of Responsibility within which you will focus your development efforts. Under the Development Agreement, you are not granted a territory, exclusive or otherwise, within which to develop your Bakery(s). You may establish a Bakery at any location within your Area of Responsibility provided that we consent to the location, which may be granted or withheld in our sole discretion, the location is in a state where we are permitted to sell CINNAHOLIC® franchises, and the location is not located in another franchisee's franchise territory or area of responsibility. We will notify you of those areas which have been assigned to franchisees, either as exclusive territories or areas of responsibility. We do not intend to grant a large number of franchise territories, although we intend to grant other franchisees areas of responsibility within which they will concentrate their development efforts. An area of responsibility is a geographic territory within which we expect you to concentrate your development efforts. You will have no exclusive territorial rights, protected territory or other rights to exclude, control or impose conditions on the location or development of other or future franchises under the Marks or on our activities, except as may be provided in an applicable Franchise Agreement. If you fail to meet your development schedule, we may terminate your Development Agreement. 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.

Franchise Agreement. You will receive the right to operate a CINNAHOLIC® Bakery only at a site we approve, in our sole discretion. The site will be designated in the Franchise Agreement. Your Franchise Territory will be negotiated by you and us before you sign the Franchise Agreement and specifically described in the Franchise Agreement. In negotiating the Franchise Territory, we may examine population, traffic flow, presence of businesses, location of competitors (including other CINNAHOLIC® franchisees), demographic, and other market conditions. There is no minimum Franchise Territory and the size of the Franchise Territory will range from being the approved site designated for your Bakery to an area 1.5 miles around the Bakery. A Franchise Territory that is designated as being the approved site for the Bakery will not have any exclusivity. Bakeries located at sites we view as non-traditional locations (e.g. airports, malls, high-rise buildings, business, and industrial complexes) will have a Franchise Territory limited to the site of the Bakery. As long as you are in compliance with the Franchise Agreement, we will not operate a CINNAHOLIC® Bakery within your Franchise Territory (except that we reserve the right to operate or develop CINNAHOLIC® Bakeries within your Franchise Territory at non-traditional locations), and we will not authorize anyone else to do so. You will operate your Bakery only from the approved site, and you must receive our permission before you relocate your Bakery. We have not established a set of conditions or criteria under which we evaluate or approve relocation requests.

You may solicit customers and advertise your Bakery anywhere you choose. There are no restrictions on you, any of our other franchisees, or us to prevent any soliciting or advertising in someone else's franchise territory. No party is obligated to pay compensation to any other party for soliciting customers from the other franchisee's franchise territory. In addition, you may deliver products from the Bakery within or without your Franchise Territory in connection with providing catering services within a reasonable distance from your Bakery, but not more than 10 miles, provided the deliveries are made by ground transportation. Subject to this maximum mileage requirement, you may provide catering and delivery services in another franchisee's franchise territory without compensating the other franchisee, and other CINNAHOLIC® franchisees may provide the same services in your Franchise Territory without compensating you. You may not ship products within or without your Franchise Territory.

Under the Franchise Agreement, we and our affiliates have reserved the right to establish anywhere franchises and/or company-owned or affiliate-owned bakeries or outlets selling similar products and providing similar services (including within your Franchise Territory) under names and symbols other than the Marks, even if these bakeries or outlets are near your Bakery. Nevertheless, as of the date of this Disclosure Document, we have no present plans to exercise any of these rights. We also reserve the right to operate, for ourselves and our affiliates, businesses using the Marks and other marks to distribute products or offer services (including through the Internet, worldwide web, mail order, catalogs or other forms of distribution channels or methods) that may be similar to or different from those found in CINNAHOLIC® Bakeries, both within and outside your Franchise Territory, so long as we do not do so through the operation of a CINNAHOLIC® Bakery. We also reserve the exclusive right to sell products identified with the Marks both within and outside your Franchise Territory through any distribution channels or methods (whether at retail or wholesale) including sales through catalogs, e-commerce, mail order, kiosks, mass merchandise, supermarkets and club stores, except through the operation of a CINNAHOLIC® Bakery, even if you sell these products at your Bakery. As one example, we have the right to sell CINNAHOLIC® food products through a nationwide retail chain even if the chain has facilities located within your Franchise Territory. On the other hand, you have no right to sell any products from any location other than your Bakery and you have no right to sell products through the Internet or worldwide web, through mail order or catalogs or through any other form of distribution channel or method. You have no right to use the Marks in connection with any business other than a CINNAHOLIC® Bakery. We have the right to engage in any other activities not expressly prohibited in the Franchise Agreement. You may face competition from other franchisees, from Bakeries that we own, or from other channels of distribution or competitive brands that we control.

Even though we and our affiliates have reserved the right to distribute CINNAHOLIC® products through mail order and e-Commerce channels, our affiliates, who control those channels, have agreed to pay our franchisees, either directly, or through Us, compensation on telephone, mail order and e-Commerce sales which originate from customers located in (but not necessarily are delivered to) each franchisee's Franchise Territory, as follows:

1. One percent (1%) of Gross Sales, exclusive of any taxes, coupons or discounts, shipping and handling.

2. No compensation shall be paid if the sale does not originate in a Franchise Territory which exists at the time of the sale.

3. Compensation is subject to you being in full compliance with the Franchise Agreement and in good standing as a franchisee.

You have no right of first refusal or similar rights to acquire additional franchises or establish additional CINNAHOLIC® Bakeries.

We have not established any minimum sales quota and do not require any certain level of sales, revenue volume or market penetration in order for you to maintain your Franchise Territory. We will not reduce the size of your Franchise Territory even if the population in it increases. Likewise, we will not expand the size of your Franchise Territory if the population in it decreases. We cannot alter your Franchise Territory unless you give us your written consent. Any rights that are not specifically granted to you under the Franchise Agreement are retained by us.

Other bakery or restaurant concepts owned now or in the future by us or our affiliates may be established in close proximity to your Bakery.

ITEM 13
TRADEMARKS

Under the Franchise Agreement, we grant you the non-exclusive right to operate your Bakery under the name CINNAHOLIC® and to use the other Marks we authorize you to use.

The following principal Marks are registered on the Principal Register of the United States Patent and Trademark Office (the "USPTO") and were licensed to us by Florian Radke in accordance with a license agreement by which we obtained the right to use the Mark for indefinite use, without cost to us. We intend to file affidavits of use, affidavits of incontestability, and renewals, when due, for the following Mark.

Mark	Registration No.	Registration Date	Owner
Cinnaholic	5323539	10/31/2017	Florian Radke

Mark	Registration No.	Registration Date	Owner
	4640851	11/18/2014	Florian Radke

At the present time we have, in addition to registered trademarks, applications pending before the United States Patent and Trademark Office, to protect our marks in various classes. Information about the applications of these marks is as follows:

Mark	Serial Number	Filing Date	Owner
CINNAHOLIC Gourmet Cinnamon Rolls (Design)	90464233	Jan 13, 2021	Cinnaholic Franchising, LLC
Cinnadust	90464223	January 13, 2021	Cinnaholic Franchising, LLC
Cinnacakes	90464190	January 13, 2021	Cinnaholic Franchising, LLC
Wreath Cake	90464110	January 13, 2021	Cinnaholic Franchising, LLC
Cinnastack	90464088	January 13, 2021	Cinnaholic Franchising, LLC
Baby Buns	90464057	January 13, 2021	Cinnaholic Franchising, LLC

Old Skool Roll	90464209	January 13, 2021	Cinnaholic Franchising LLC

All required affidavits for the principal Marks have been filed. There are no currently effective determinations of the USPTO, Trademark Trial and Appeal Board, the Trademark Administrator of any state, or any court; nor is there any pending infringement, opposition or cancellation proceedings, or material litigation, involving the Mark listed above. No agreements limit our right to use or license the use of the Mark.

You must follow the Franchise Agreement, the Operations Manual, our specifications, and directives when you use the Mark. The Mark is the only mark you may use to identify the Bakery. You may not use any Mark as part of any corporate or trade name or as part of any domain name or electronic address you maintain on the Internet, the worldwide web, or any other similar proprietary or common carrier electronic delivery system unless we expressly authorize you to do so in writing. You may not use the Mark in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. Your use of the Mark and any goodwill is to our exclusive benefit and you retain no rights in the Mark other than a license to use the Mark during the terms of the Franchise Agreement. You are not permitted to make any changes of any kind in or to the use of the Mark unless we permit.

You must notify us immediately when you learn about an infringement of or challenge to your use of a Mark. We will take the action we think appropriate. We have the right to exclusively control any litigation, USPTO proceeding, or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any Mark.

You must notify us promptly of any unauthorized use of the Mark of which you have knowledge or of any challenge to the validity of our ownership of or our right to license others to use the Mark. We will take the action, if any, we believe to be appropriate. We have the right, but no obligation, to initiate, direct, and control any litigation or administrative proceeding relating to the Mark, including, but not limited to, any settlement. We will be entitled to retain any and all proceeds, damages, and other sums, including attorneys' fees, recovered or owed to us or our affiliates in connection with any such action. You must execute all documents and, render any other assistance we may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the Mark. We will defend you against any third-party claim, suit, or demand arising out of your use of the Mark. If we, in our sole discretion, determine that you have used the Mark in accordance with the Franchise Agreement, the cost of such defense and the cost of any judgment or settlement, will be borne by us. If we, in our sole discretion, determine that you have not used the Mark in accordance with the Franchise Agreement, those costs will be borne by you. In the event of any litigation relating to your use of the Mark, you will do such acts as may, in our opinion, be necessary to carry out such defense or prosecution, including becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Mark in a manner inconsistent with the terms of the Franchise Agreement or the Manuals, we agree to reimburse you for your out-of-pocket costs in doing such acts.

You must modify or discontinue the use of a Mark and you must adopt or use additional or substituted marks, if we instruct you to do so. If this happens, you are responsible for your tangible costs of compliance (i.e. changing signs) and we do not have to reimburse you for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute Mark. You waive any claim against us for changing, modifying, or discontinuing a Mark. We may also develop or acquire additional Marks and make them available for your use.

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

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

There are no patents or registered copyrights that are material to your CINNAHOLIC® franchise.

We claim common law rights and copyright protection in a number of items you will use in the operation of your Bakery, including our Operations Manual, and in certain other materials and information related to the CINNAHOLIC® franchise system, like our marketing materials, specifications, architectural drawings, Bakery designs, marketing techniques, advertising programs, advertising strategies, supplier lists, expansion plans, and other information we create or use. We have not registered any of these copyrighted materials with the United States Registrar of Copyrights, although we may do so. We also treat all of this information as trade secrets.

All materials or information of any kind that are designated "confidential" orally or in writing or which, under the circumstances surrounding disclosure, ought to be treated as confidential, are deemed confidential and are loaned to you only under and during the term of the Franchise Agreement and Development Agreement. All confidential materials and the information contained in them must be treated by you as confidential and you must use your best efforts to keep them confidential during and after the terms of the Franchise Agreement and Development Agreement as provided in each agreement. This means that you cannot make copies in any medium of any confidential information or use any confidential information outside of the scope of the Franchise Agreement or Development Agreement or disclose any confidential information to any third party or other persons identified by us as not having authorization to receive disclosure of confidential information. You may disclose confidential information contained in the Operations Manual only to your employees who have a business need to have access to the confidential information, but only if you first secure from them an agreement to maintain the confidentiality of the confidential information disclosed.

All copyrighted materials and confidential information are owned exclusively by us. Your right to use copyrighted materials and confidential information is derived solely from the Franchise Agreement and Development Agreement and is limited to the conduct of the business under and in compliance with the Franchise Agreement and Development Agreement and all applicable specifications, standards, and operating procedures we prescribe during the term of the Franchise Agreement and Development Agreement. Any unauthorized use of our copyrighted materials or any unauthorized use or disclosure of confidential information will constitute an infringement of our rights in and to the copyrighted materials and confidential information.

We may claim copyright protection in certain techniques we create, and may patent certain processes and equipment we develop. If we do, we will notify you and, if the copyrights and patents are material to your obligations under the Franchise Agreement, we will authorize you to use them at no additional charge. Any modifications or improvements that you make to the CINNAHOLIC® franchise system will be deemed a works made for hire which shall be owned exclusively by us. We do not have to compensate you for your modification or improvement.

You must promptly notify us of any unauthorized use of our copyrighted materials or any unauthorized use or disclosure of confidential information, including by your employees. You must notify us of any challenge to your right to use or the ownership of any copyrighted materials or confidential information. We are not required to protect or defend our copyrights, although we intend to do so when it is in the best interests of the CINNAHOLIC® franchise system. We have the exclusive right to control any copyright litigation. We have the right to keep all sums obtained in settlement or as a damages award in any proceeding or litigation without any obligation to share any portion of the settlement sums or damages award with you. While we are not required to participate in your defense or to indemnify you for damages or expenses you incur if you are a party to any administrative or judicial proceeding involving our confidential information or other information in which we claim common law rights and copyright protection, we may reimburse you for your liability and reasonable costs in connection with defending our confidential information and other information in which we claim common law rights and copyright protection.

We will have the right at any time, on notice to you, to make additions to, deletions from, and changes in any item in which we claim common law copyright or registered copyright protection including the Operations Manual. You must adopt and use all additions, deletions, and changes as we direct, at your expense.

Your spouse, and if you are not an individual, your shareholders, members, partners and managers, as applicable, and their spouses, must sign the Personal Covenants attached to the Franchise Agreement as Exhibit B and the Development Agreement as Exhibit C requiring them to comply with the confidentiality provisions of the Franchise Agreement and the Development Agreement, refrain from engaging in competitive businesses, and refrain from soliciting our employees and the employees of other CINNAHOLIC® franchisees. We have the right to require your other employees who have access to our confidential information to sign a noncompetition, non-solicitation and/or nondisclosure agreement in the form(s) prescribed by us periodically. We have the right to take legal action against you if there has been an unauthorized use of our confidential information or trade secrets through you or your employees.

There is currently no litigation pending involving the copyrighted materials or confidential information. We do not know of any effective material determinations of the U.S. Copyright Office or any court regarding any of the copyrighted materials or confidential information. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials or confidential information.

We do not know of any superior rights or infringing uses that could materially affect your use of our confidential information of copyright materials.

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

You must maintain direct responsibility over the Bakery; however, we do not require that you personally supervise the day-to-day operations of the Bakery. During operations hours, a Manager who has successfully completed the initial training program described in Section 14.1 of the Franchise Agreement, must at all times be at your Bakery. The Managers must directly supervise and be responsible for the day-to-day management and proper operation of your Bakery, and the Managers may not assist in any business which competes with your Bakery. The Managers must invest their full time and attention and devote their best efforts to the on-premises management of the Bakery. The Managers cannot have an interest or business relationship with any of our business competitors. The Managers need not have an ownership interest in the franchisee.

If the Managers are not already bound by the Franchise Agreement, we may require them to sign a noncompetition, non-solicitation and/or nondisclosure agreement in the form(s) prescribed by us. This noncompetition, non-solicitation and/or nondisclosure agreement will prohibit them from directly or indirectly engaging in activities that compete with the operations of your Bakery or any other CINNAHOLIC® Bakery, disclosing our confidential and proprietary information and trade secrets, and soliciting our employees and employees of other CINNAHOLIC® franchisees. We also may require those employees who have received our confidential and proprietary information to enter into the same noncompetition, non-solicitation and/or nondisclosure agreement.

We may require each of your owners holding at least a 10% equity interest in you, to personally guarantee your obligations to us under the Development Agreement and the Franchise Agreement. The guarantees will be in the form of the Guaranty Agreement attached as Exhibit E to the Development Agreement and Exhibit F to the Franchise Agreement, respectively

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must conduct the business operated at your Bakery as required by the Operations Manual and the Franchise Agreement. You must offer and sell only those products and services approved by us. Further, you must offer all goods and services that we designate as required for all franchisees. These required goods and services include custom gourmet cinnamon rolls and baked goods, and other food products and beverages. We have the right to add additional authorized goods and services that you must offer. This means that we have the right to require you to carry the required menu items that we dictate and that we determine are appropriate for CINNAHOLIC® Bakeries. There are no limits on our right to make modifications to our approved menu, whether by a change in the Operations Manual or through an amendment to the Franchise Agreement or by another form of written directive.

We will not restrict you from soliciting any customers, no matter who they are or where they are located. However, you may only sell products to consumers for consumer purposes (and not for resale). You may not sell products at wholesale. In addition, you may provide delivery and catering services from the Bakery within or without your Franchise Territory in connection with providing these delivery and catering services within a reasonable distance from the site of the Bakery not to exceed 10 miles, provided the deliveries are made by ground transportation. Subject to this maximum mileage requirement, you may provide catering and delivery services in the Franchise Territories of other CINNAHOLIC® franchisees, and other CINNAHOLIC® franchisees may provide the same services in your Franchise Territory. You may not ship products within or without your Franchise Territory.

You may not have or use, or permit the presence or use of, video game machines or vending machines or any similar device or machine at the Bakery unless we consent in writing.

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.

Development Agreement

Provision	Section in Development Agreement	Summary
a. Length of the franchise term	Section 3	Expires the date after operations of the final Bakery to be established are required to begin as provided on the Development Schedule.
b. Renewal or extension of the term	Not Applicable	Not Applicable
c. Requirements for you to renew or extend	Not Applicable	Not Applicable
d. Termination by franchisee	Section 12.1	You can terminate only if we fail to cure a default under the Development Agreement within 90 days (or 150 days in some instances) after you give us written notice of termination.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with "cause"	Sections 12.2 and 12.3	We can terminate only if you default or if certain events (described in (g) and (h) below) occur. In some instances, you will have an opportunity to cure the default.
g. "Cause" defined – curable defaults	Section 12.3	Failure to comply with any provisions of the Development Agreement not covered in "h" below. You have 30 days (or 60 days in some instances) after we give you written notice to cure the default.
h. "Cause" defined – non-curable defaults	Section 12.2	Insolvency; bankruptcy; liquidation; reorganization; general assignment for benefit of creditors; failure to pay us or any creditor, supplier or lessor of any of your Bakeries any sums due after written notification; failure to comply with Development Schedule; conviction of a felony or crime involving moral turpitude; making of material misrepresentations; unauthorized transfer; unauthorized use or disclosure of confidential information; failure to comply with non-competition and non-solicitation provisions; failure to comply

Provision	Section in Development Agreement	Summary
		with any applicable law; dissolution; default under the Franchise Agreement or any other agreement between you and us; or receipt of three default notices within a 12 month period.
i. Franchisee's obligations on termination/non-renewal	Sections 12.4 and 14	No investment in competitive business; no solicitation of employees; no disclosure of confidential information; and strictly comply with non-compete prohibition.
j. Assignment of contract by franchisor	Section 13.1	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	Section 13.2	Includes transfer of Development Agreement, any interest in Development Agreement, or any equity interest in you if you are an entity or any equity interest in any owners of you if they are an entity.
l. Franchisor approval of transfer by franchisee	Sections 13.2 and 13.3	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	Section 13.4	Transferee qualifies; transferee assuming obligations under Development Agreement and/or entering into new Development Agreement and any other agreements we require; terms and conditions of transfer are satisfactory to us; you are not in default under the Development Agreement, any Franchise Agreement or any other agreement between you and us; sign the current form of general release in Exhibit K to this Disclosure Document; transfer fee paid; we decline to exercise our right of first refusal; and the Marks not being used in any advertisement for any prohibited transfer.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 15	We can match any offer for the transfer of your business or any ownership interest.
o. Franchisor's option to purchase franchisee's business	N/A	Not Applicable
p. Death or disability of franchisee	Sections 13.3 and 13.4	Development Agreement or ownership interest must be assigned by estate to an approved buyer.
q. Non-competition covenants during the term of the franchise	Sections 14.1, 14.2, 14.4 and 14.5	No involvement in competitive business and no solicitation of any employee of CINNAHOLIC® or employee of any other CINNAHOLIC® franchisee.

Provision	Section in Development Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Sections 14.1, 14.2, 14.4 and 14.5	For one year, no involvement in competitive business located within a five mile radius of any CINNAHOLIC® bakery and no solicitation of any employee of CINNAHOLIC® or employee of any other CINNAHOLIC® franchisee. Competitive business includes any business operating or franchising a bakery or food establishment (a) offering baked goods (including custom gourmet cinnamon rolls) and (b) that derives more than 50% of its revenue from sales of custom gourmet cinnamon rolls (other than another CINNAHOLIC® Bakery operated by you under license from us).
s. Modification of the agreement	Section 30	Generally, no modifications unless agreed in writing.
t. Integration/merger clause	Section 30	Only the terms of the Development Agreement are binding; however, nothing in the Development Agreement shall disclaim or require you to waive reliance on any representation that we made in our most recent disclosure document (including its exhibits and amendments).
u. Dispute resolution by arbitration or mediation	Section 21.2	Except for certain claims, disputes must be settled by arbitration. Arbitration must occur in the office of the American Arbitration Association closest to our principal executive office.
v. Choice of forum	Sections 21.1 and 21.2	Litigation must be held in the federal or state court for the district where our principal executive office is located (subject to state law). Arbitration must occur in the office of the American Arbitration Association closest to our principal executive office.
w. Choice of law	Section 21.1	Georgia law applies, except for federal law and with respect to covenants restricting competition which may be governed by the laws of the state in which the Area of Responsibility is located.

Franchise Agreement

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 2.1	10 years

b. Renewal or extension of the term	Section 2.2	If you meet the requirements, you can renew for one additional consecutive 10 year term; after that you will have no right to renew the Franchise Agreement.
c. Requirements for franchisee to renew or extend	Section 2.2	You must: provide written notice of election to renew; not be in default of the Franchise Agreement or any other agreement relating to the Bakery; sign the then-current form of Franchise Agreement; pay a renewal fee; refurbish the Bakery, if required; complete any required retraining program; sign the current form of general release in Exhibit J to this Disclosure Document; and maintain ownership or leasehold interest in the Bakery location or secure a suitable alternative. Terms of the then-current form of Franchise Agreement may differ materially from any and all of those contained in the Franchise Agreement attached to this Disclosure Document.
d. Termination by franchisee	Section 21.1	You can terminate only if we fail to cure a default under the Franchise Agreement within 90 days (or 150 days in some instances) after you give us written notice of termination.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Sections 21.2 and 21.3	We can terminate only if you default or if certain events (described in (g) and (h) below) occur. In some instances, you will have an opportunity to cure the default.
g. "Cause" defined – curable defaults	Section 21.3	Failure to comply with our standards and procedures or any term of the Franchise Agreement not covered in "h" below, including: failure to submit required reports; failure to relocate; failure to comply with any of the terms and conditions of any other agreement entered into by you in connection with your Bakery; failure to maintain required insurance; and failure to restore Bakery to full operation if it is rendered inoperable by casualty. You have 30 days (or 60 days in some instances) after we give you written notice to cure the default.
h. "Cause" defined – non-curable defaults	Section 21.2	Insolvency; bankruptcy; liquidation; reorganization; general assignment for benefit of creditors; failure to pay us or any creditor, supplier or lessor of the Bakery any sums due after written notification; conviction of a felony or crime involving

		moral turpitude; operation of the Bakery as a safety hazard; making of material misrepresentations; unauthorized transfer; failure to comply with non-competition and non-solicitation provisions; unauthorized use of any Mark or disclosure of confidential information; failure to comply with any applicable law; unauthorized seizures; failure to maintain possession of the Bakery premises; knowingly maintaining false books or records; denying us access to your books or records; understatement of fees by more than 5%; receipt of three default notices within a 12 month period; or dissolution.
i. Franchisee's obligations on termination/non-renewal	Sections 20, 21.4 and 22	Obligations include payment of lost profits; complete de-identification of Bakery; payment of amounts due; return confidential materials; cancel assumed name registration; transfer telephone and fax numbers and Internet listings; no investment in competitive business; no solicitation of employees; follow any procedures in the Operations Manual related to discontinuing operations of the Bakery; and offer us the right to purchase the Bakery. We may assume the Bakery's management.
j. Assignment of contract by franchisor	Section 19.1	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	Section 19.2	Includes transfer of Franchise Agreement, any interest in Franchise Agreement, any assets of Bakery, or any equity interest in you if you are an entity or any equity interest in any owners of you if they are an entity.
l. Franchisor approval of transfer by franchisee	Sections 19.2 and 19.3	We have the right to approve all transfers but will not unreasonably withhold approval.

m. Conditions for franchisor approval of transfer	Section 19.4	Transferee qualifies; transferee assuming obligations under Development Agreement and/or entering into new Development Agreement and any other agreements we require; terms and conditions of transfer are satisfactory to us; you are not in default under the Development Agreement, Franchise Agreement or any other agreement between you and us; sign the current form of general release in Exhibit J to this Disclosure Document; fee paid; we decline to exercise our right of first refusal; and the Marks not being used in any advertisement for any prohibited transfer.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 23	We can match any offer for the transfer of your business or any ownership interest.
o. Franchisor's option to purchase franchisee's business	Section 22.3	Upon expiration or termination of the Franchise Agreement, you must offer us the right to purchase the Bakery.
p. Death or disability of franchisee	Section 19.3	Franchise must be assigned by estate to an approved buyer.
q. Non-competition covenants during the term of the franchise	Sections 20.1, 20.2, 20.4 and 20.5	No involvement in competitive business and no solicitation of any employee of CINNAHOLIC® or employee of any other CINNAHOLIC® franchisee.
r. Non-competition covenants after the franchise is terminated or expires	Sections 20.1, 20.2, 20.4 and 20.5	For one year, no involvement in competitive business located within a five mile radius of any CINNAHOLIC® bakery and no solicitation of any employee of CINNAHOLIC® or employee of any other CINNAHOLIC® franchisee. Competitive business includes any business operating or franchising a bakery or food establishment (a) offering baked goods (including custom gourmet cinnamon rolls) and (b) that derives more than 50% of its revenue from sales of custom gourmet cinnamon rolls (other than another CINNAHOLIC® Bakery operated by you under license from us).
s. Modification of the agreement	Sections 7, 8.1 and 40	Generally, no modifications unless agreed in writing. We may revise the Operations Manual and you must comply with each requirement.
t. Integration/merger clause	Section 40	Only the terms of the Franchise Agreement are binding (subject to state law); however, nothing in the Franchise Agreement shall disclaim or require you to waive reliance on

		any representation that we made in our most recent disclosure document (including its exhibits and amendments).
u. Dispute resolution by arbitration or mediation	Section 31.2	Except for certain claims, disputes must be settled by arbitration. Arbitration must occur in the office of the American Arbitration Association closest to our principal executive office.
v. Choice of forum	Sections 31.1 and 31.2	Litigation must be held in the federal or state court for the district where our principal executive office is located (subject to state law). Arbitration must occur in the office of the American Arbitration Association closest to our principal executive office.
w. Choice of law	Section 31.1	Georgia law applies, except for federal law and with respect to covenants restricting competition which may be governed by the laws of the state in which the Bakery is located (subject to state law).
x. Liquidated Damages	Section 22.1	Upon termination of the Franchise Agreement due to your breach, you shall pay us, in addition to other amounts owed, liquidated damages in an amount equal to (i) the greater of (a) the average annual amount of Royalty Fees payable by you to us for the twenty four months immediately preceding the date of termination (however, if the Bakery has not been open for at least 24 months, the average monthly amount of Royalty Fees payable by you to us for the months in which the Bakery has been open multiplied by 24); or (b) the average monthly amount of Royalty Fees paid by you to us for the twenty four months immediately preceding the date of termination, times the number of months remaining in the then-current term of the Franchise Agreement, whichever is less.

Applicable state law may require additional disclosures related to the information in this Disclosure Document. These additional disclosures appear in Exhibit E attached to this Disclosure Document.

ITEM 18
PUBLIC FIGURES

We do not use any public figures 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 performance at a particular location or under particular circumstances.

The data in this Item 19 includes the entire calendar year 2020. The COVID 19 pandemic struck the United States early in 2020, so this data reflects a partial year which effectively pre-dates the impact of the pandemic, periods of government mandated shutdowns which varied by jurisdiction and location, and periods when units were open or re-opened, sometimes with restrictions on indoor dining or limited to take-out or delivery only, again depending on the location. Beginning in March, 2020, the following stores were completely closed for varying periods due to government mandated shutdowns: Baltimore, Belmont, Brea, Corona, El Paso, Fort Worth, Meridian and Seattle. The impacts of the COVID-19 pandemic include the need for: social distancing, greater sanitization procedures; governmental orders or recommendations for all or certain types of persons to stay at home; infected persons to be subject to quarantine; certain industries like restaurants, food service establishments and other places where groups of people congregate, to temporarily or indefinitely suspend or modify operations; and the like. We currently have no plans to approve the opening of any franchised unit while stay at home orders or recommendations are in effect, or while recommended or required business closures for our, or our system's primary customers industries, are in effect in a given area. We do not know how long the COVID-19 pandemic will last. We currently do not have the ability to project what the longer term impacts of the COVID-19 pandemic will have with respect to the future performance of activities for our franchisees or how their future performance will compare to the data shown in this Item 19.

This Item sets forth historical annual revenue for the year ending December 31, 2020 for all Cinnaholic units operating the full twelve months of 2020.

AZ / Gilbert	$610,312.30
CA / Berkeley	$410,251.63
CA / Brea / Gateway	$146,251.96
CA / Concord	$408,393.22
CA / Corona	$170,168.06
CA / Los Angeles / Echo Park	$323,841.35
CA / San Jose	$333,702.61
FL / Boca Raton	$397,693.65
GA / Atlanta / Edgewood	$589,799.37
ID / Meridian	$202,894.21
IL/Naperville	$620,346.54
IL/Schaumburg	$539,811.18
MD / Baltimore/Rotunda	$247,659.82

MD/Gaithersburg	$357,806.29
NC / Belmont	$217,630.08
NC / Indian Trail	$239,618.12
NC/ Cary	$351,754.73
NC/Concord	$342,668.40
NJ / Westfield	$299,704.43
NV / Henderson / Grn Valley / Pebble Mkt	$371,445.73
NV / Las Vegas / Blue Diamond	$295,692.76
NV / Las Vegas / Centennial	$529,072.35
NV / Las Vegas / Summerlin	$342,501.29
TN / Knoxville	$446,751.34
TX / El Paso	$195,798.10
TX / Fort Worth	$186,037.84
TX / Pearland	$320,977.40
TX / Richardson	$419,928.95
TX/San Antonio	$341,096.47
WA / Seattle / Capitol Hill	$318,084.64

In 2020 the median unit annual revenue was $341,798.88. Fifteen units were above the median and fifteen units were below the median.

In 2020, the average unit annual revenue was $352,589.83. Twelve units were above the average and eighteen units were below the average. Cinnaholic Naperville had the highest annual revenue at $620,346.54 while Cinnaholic Brea/Gateway had the lowest annual revenue at $146,251.96.

"Annual Revenue" means all revenue, exclusive of returns, sales taxes and similar governmental imposed fees or taxes. "Gross Revenue" has the same meaning, but may be for a shorter period, such as a monthly period.

The COVID-19 Pandemic has not adversely impacted Cinnaholic franchise units for several reasons. To begin, Cinnaholic's business model requires a very small retail footprint, typically less than 1,000 square feet, with space afforded for in-store seating of approximately 6 customers only, so most of its customers are not dine-in customers, but rather carry-out. Finally, Cinnaholic's POS system shows that sales have shifted from roughly 50% consumed on site in 2019 to only 20%, with 80% of sales now being carry out or delivery. Delivery sales have increased substantially.

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

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

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with 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 Spencer Reid**,** 1567 Mt. Vernon Road, Suite 112, Atlanta, GA 30338, (404) 273.0229, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

All year-end numbers appearing below are as of December 31, 2018, December 31, 2019 and December 31, 2020.

Table No. 1
Systemwide Outlet Summary
For years 2018/2019/2020

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2018	13	23	+10
	2019	23	29	+6
	2020	29	45	+16
Company-Owned	2018	1	1	+0
	2019	1	1	+0
	2020	1	0	-1
Total Outlets	2018	14	24	+10
	2019	24	30	+6
	2020	30	45	+15

Table No. 2
Transfers of Outlets from Franchisees to New Owners (Other Than Franchisor)
For years 2018/2019/2020

State	Year	Number of Transfers
Utah	2018	0
	2019	1
	2020	0
Total	2018	0
	2019	1
	2020	0

Table No. 3
Status of Franchised Outlets
For Years 2018/2019/2020

State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
AL	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
AZ	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
AR	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
CA	2018	4	2	0	0	0	1	5
	2019	5	2	0	0	0	0	7
	2020	7	0	0	0	0	1	6
FL	2018	0	2	0	0	0	0	2
	2019	2	0	0	0	0	1	1
	2020	1	1	0	0	0	0	2
GA	2018	1	0	0	0	0	0	1
	2019	1	1	0	0	0	1	1
	2020	1	5	0	0	0	0	6
ID	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2020	1	0	0	0	0	0	1
IL	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	2	0	0	0	0	2
MD	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	1	0	0	0	0	2
NV	2018	2	2	0	0	0	0	4
	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
NJ	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
NC	2018	0	1	0	0	0	0	1
	2019	1	1	0	0	0	0	2
	2020	2	2	0	0	0	0	4
OH	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	1	0
OK	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
PA	2018	0	1	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
TN	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	1	0	0	0	0	2
TX	2018	3	0	0	0	0	0	3
	2019	3	2	0	0	0	0	5
	2020	5	5	0	0	0	1	9
UT	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	1	0
WA	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Total	2018	13	11	0	0	0	1	23
	2019	23	8	0	0	0	2	29
	2020	29	20	0	0	0	4	45

Table No. 4
Status of Company-Owned and Affiliate-Owned Outlets
For years 2018/2019/2020

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Georgia	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	1	0	0
Total	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	1	0	0

Table No. 5
Projected Sales and Openings
For Fiscal Year 2021

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In the Next Fiscal Year	Projected New Company-Owned Outlets In the Next Fiscal Year
California	1	1	0
Illinois	2	2	0
Michigan	1	1	0
New Hampshire	1	1	0
New Jersey	1	1	0
Pennsylvania	1	1	0
Texas	1	1	0
Totals	8	8	0

Attached to this Disclosure Document as Exhibit F are (i) the names, addresses, and telephone numbers of our franchisees who have Facilities open and operating as of December 31, 2020, (ii) the names, addresses, and telephone numbers of our franchisees who have executed Development Agreements but who have not opened a Facility as of December 31, 2020 and (iii) the names, business addresses and telephone numbers of the franchisees who have signed franchise agreements but whose business was not operational as of December 31, 2020.

The name, city and state, and the current business telephone number (or, if known, the last known home telephone number) of every franchisee who had a Facility terminated, canceled, or not renewed by us in fiscal year 2020, who otherwise voluntarily or involuntarily ceased to do business under their Franchise Agreement or Development Agreement in fiscal year 2020, or who did not communicate with us within 10 weeks of the issuance date of this Disclosure Document are attached to this Disclosure Document as Exhibit G. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During our last 3 fiscal years, none of our franchisees have signed confidentiality clauses restricting their ability to speak openly about their experience with the CINNAHOLIC® franchise system.

There are currently no trademark-specific franchisee organizations associated with the CINNAHOLIC® franchise system.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Document Disclosure as Exhibit H are our unaudited balance sheet and profit and loss statement as of May 31, 2021 and our audited financial statements for the periods ending December 31, 2018, December 31, 2019, and December 31, 2020.

ITEM 22
CONTRACTS

The Development Agreement is attached as Exhibit B to this Disclosure Document. The following additional contracts or agreements are attached to the Development Agreement:

Exhibit	Agreement
A	Development Schedule, Development Fee and Payment Schedule
B	Collateral Assignment of Lease
C	Personal Covenants
D	Developer Information
E	Guaranty Agreement
F	State Specific Addenda

The Franchise Agreement is attached as Exhibit C to this Disclosure Document. The following additional contracts or agreements are attached to the Franchise Agreement:

Exhibit	Agreement
A	Franchised Site, Franchise Territory and Franchise Fee
B	Personal Covenants
C	Internet Web Sites and Listings Agreement
D	Telephone Listing Agreement
E	Franchisee Information
F	Guaranty Agreement
G	State Specific Addenda

Also attached to this Disclosure Document are Exhibit I the Franchisee Disclosure Questionnaire, Exhibit J the General Release.

ITEM 23
RECEIPT

Exhibit K to this Disclosure Document are detachable Receipts acknowledging your receipt of this Disclosure Document. Please return one Receipt to us and retain the other for your records. If you are missing these Receipts, please contact us at the following address or telephone number:

Spencer Reid
1567 Mt. Vernon Road, Suite 112
Atlanta, GA 30338
Telephone: (404) 273-0229

EXHIBIT A
STATE AGENCIES AND ADMINISTRATORS AND FRANCHISOR'S AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. We may not yet be registered to sell franchises in any or all of these states.

CALIFORNIA California Department of Financial Protection and Innovation Franchise Division 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7500 Toll Free (866) 275-2677 1515 K Street, Suite 200 Sacramento, CA 95814 (916) 445-7205 1350 Front Street San Diego, CA 92101 (619) 525-4233 One Sansome Street, Suite 600 San Francisco, CA 94104 (415) 972-8559	**CONNECTICUT** State of Connecticut Department of Banking Securities Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230 Agent: Banking Commissioner
HAWAII (state administrator) Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 (agent for service of process) Commissioner of Securities State of Hawaii 335 Merchant Street Honolulu, Hawaii 96813 (808) 586-2722	**ILLINOIS** Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465

<table>
<tr><td><u>INDIANA</u>
(state administrator)

Indiana Secretary of State
Securities Division, E-111
302 Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

(agent for service of process)
Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531</td><td><u>MARYLAND</u>
(state administrator)

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(for service of process)
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360</td></tr>
<tr><td><u>MICHIGAN</u>
(state administrator)

Michigan Attorney General’s Office
Consumer Protection Division
Attn: Franchise Section
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48931
(517) 335-7567

(for service of process)
Corporations Division
Bureau of Commercial Services
Department of Labor and Economic Growth
P.O. Box 30054
Lansing, Michigan 48909</td><td><u>MINNESOTA</u>
(state administrator)

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198
(651) 539-1638

(for service of process)
Minnesota Commissioner of Commerce</td></tr>
</table>

NEW YORK (state administrator) NYS Department of Law Investor Protection Bureau **A.** 8 Liberty Street 21st Floor New York, New York 10005 (212) 416-8285 Phone (for service of process) Attn: New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492	**NORTH DAKOTA** North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor Dept 414 Bismarck, North Dakota 58505-0510 (701) 328-4712 (for service of process) Securities Division
OREGON Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	**RHODE ISLAND** State of Rhode Island and Providence Plantations Department of Business Regulation 1511 Pontiac Avenue, Bldg 69-1 Cranston, Rhode Island 02920 (401) 462-9527
SOUTH DAKOTA Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, South Dakota 57501 (605) 773-3563	**VIRGINIA** State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051 (for service of process) Clerk of the State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9733

WASHINGTON (state administrator) Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98507-9033 (360) 902-8760 (for service of process) Director of Dept. of Financial Institutions Securities Division 150 Israel Rd SW Tumwater WA 98501 (360)902-8760	**WISCONSIN** (state administrator) Division of Securities Department of Financial Institutions 201 W. Washington Ave., Suite 300 Madison, Wisconsin 53703 (608) 266-1064 (for service of process) Administrator, Division of Securities Department of Financial Institutions 345 W. Washington Ave., 4th Floor Madison, Wisconsin 53703

EXHIBIT B

MARKET DEVELOPMENT AGREEMENT

[SEE ATTACHED]

Multiple Bakeries ______
Single Bakery ______

CINNAHOLIC FRANCHISING, LLC
MARKET DEVELOPMENT AGREEMENT

THIS MARKET DEVELOPMENT AGREEMENT (this "Agreement") is made and entered into this ____ day of ___________________ 20__ (the "Effective Date"), by and between CINNAHOLIC FRANCHISING, LLC, a Georgia Limited Liability Company ("Franchisor") with its principal office at 1567 Mt. Vernon Road, Suite 112 Atlanta, GA 30338, and ___________________________________, a _______________________________ with (its principal office) (his/her residence) at ________________________________ ("Developer"), who agree as follows:

RECITALS

Franchisor at a substantial expenditure of time, effort and money has established a system of developing, opening, operating and promoting bakeries specializing in offering custom gourmet cinnamon rolls and other food products and beverages and related bakery services under the name "CINNAHOLIC®" ("CINNAHOLIC® Bakeries" or "Bakeries") ("the CINNAHOLIC® System"). Developer has applied to Franchisor for, and Franchisor desires to grant to Developer, the right to establish and operate a specified number of CINNAHOLIC® Bakeries in accordance with a specified development schedule, all in accordance with the terms and conditions contained herein.

1. GRANT OF DEVELOPMENT RIGHTS

During the term of this Agreement, Franchisor hereby grants to Developer, subject to the terms and conditions contained herein, the right to establish and operate the number of CINNAHOLIC® Bakeries set forth on the development schedule (the "Development Schedule") attached hereto as Exhibit A. Each CINNAHOLIC® Bakery to be established hereunder shall be located in the non-exclusive area described in Exhibit A (the "Area of Responsibility"). Within Franchisor's discretion, Franchisor may consider sites proposed by Developer outside the Area of Responsibility which will count toward the Development Schedule if approved by Franchisor. The operation of any CINNAHOLIC® Bakery established pursuant to this Agreement shall be governed by an individual CINNAHOLIC® Franchising Limited Liability Company. Franchise Agreement to be entered into between Franchisor and Developer in accordance with Section 10 below (each, a "Franchise Agreement").

2. TERRITORIAL PROTECTION AND RESERVATION OF RIGHTS

2.1 No Territorial Protection. Developer may establish the Bakeries required to be developed hereunder at any location within the Area of Responsibility provided that Franchisor, in its sole discretion, consents in writing to the location, the location is in a state where Franchisor is permitted to sell CINNAHOLIC® franchises, and the location is not located in a territory in which any other CINNAHOLIC® franchisee has exclusive rights or a right of first refusal. Developer acknowledges and agrees that by virtue of this Agreement and the Area of Responsibility, Developer does not have exclusive territorial rights, protected territory, or other rights to exclude, control or impose conditions on the location or development of other or future CINNAHOLIC® Bakeries or on Franchisor's activities, except as may be provided in an applicable Franchise Agreement.

2.2 Reservation of Rights. Franchisor retains the right, in its sole discretion, to:

(i) establish and operate, and grant to other franchisees or licensees the right to establish and operate, a CINNAHOLIC® Bakery or any other business using the name "CINNAHOLIC®" and all other trade names, trademarks, service marks, commercial symbols, logos, emblems, signs, slogans and insignia developed for use with the CINNAHOLIC System from time to time (collectively, the "Marks"), the CINNAHOLIC® System or any variation of the Marks or the CINNAHOLIC® System, in any location (including inside the Area of Responsibility) and on any terms and conditions that Franchisor deems appropriate;

(ii) develop, use and franchise anywhere the rights to any trade names, trademarks, service marks, commercial symbols, logos, emblems, signs, slogans, insignia, patents or copyrights not designated by Franchisor as Marks, for use with similar or different franchise systems for the sale of similar or different products or services than those constituting a part of the CINNAHOLIC® System, without granting Developer any rights therein;

(iii) offer, ship, sell and provide products or services identified by the Marks or other trademarks, service marks, commercial symbols or emblems to customers located anywhere through any distribution channel or method, including grocery stores, convenience stores, the Internet (or any other existing or future form of electronic commerce), and delivery services within and outside the Area of Responsibility, irrespective of the proximity to any Bakery established hereunder without compensation to Developer;

(iv) own, operate, franchise or license anywhere, even in close proximity to any Bakeries developed hereunder, Bakeries of any other type whatsoever operating under marks other than the Marks; and

(v) engage in any other activity, action or undertaking that Franchisor is not expressly prohibited from taking under this Agreement.

3. TERM

Unless earlier terminated in accordance with the terms and conditions set forth herein, this Agreement shall commence as of the Effective Date and shall automatically expire, without any action on the part of either party being necessary, on the date after operations of the final Bakery to be developed hereunder are required to commence as set forth on the Development Schedule.

4. DEVELOPMENT FEE

Upon the execution of this Agreement, Developer shall pay to Franchisor a development fee in an amount set forth on Exhibit A (the "Development Fee"). Developer acknowledges and agrees that the Development Fee is paid as consideration for Franchisor granting Developer the right to establish, open and operate the number of CINNAHOLIC® Bakeries set forth on the Development Schedule, and that the Development Fee is fully earned by Franchisor at the time this Agreement is signed and shall not be refundable for any reason. The Development Fee shall equal the total of all initial franchise fees (the "Franchise Fees") due under each of the Franchise Agreements covering the cumulative number of CINNAHOLIC® Bakeries to be developed hereunder. Provided that a Bakery is established in accordance with the Development Schedule, that portion of the Development Fee applicable to the Franchise Fee due under the Franchise Agreement for such Bakery shall be credited towards the payment of such Franchise Fee. In the event a Bakery is not established in accordance with the Development Schedule, that portion of the Development Fee that would have otherwise been credited towards the payment of the Franchise Fee shall be forfeited and retained by Franchisor. If for any reason this Agreement terminates before all or a portion of the Development Fee has been applied to the Franchise Fees, Franchisor will retain the unapplied portion of the Development Fee to compensate itself for its time, effort and foregone opportunities.

5. FRANCHISE FEES

As long as Developer is in compliance with the Development Schedule, the amount of the Franchise Fee for each Bakery to be established hereunder is set forth on Exhibit A. The Franchise Fee for each Bakery is to be paid in addition to the Development Fee; provided, however, the Development Fee may be credited against Franchise Fees as provided for in Section 4 above. Each Franchise Fee associated with a Bakery, to the extent any is due and owing, will be paid upon the execution and delivery of the Franchise Agreement covering such Bakery.

6. DEVELOPMENT SCHEDULE

Developer must (i) establish and open the specified minimum number of Bakeries on or before each of the dates specified on the Development Schedule and (ii) maintain the specified minimum number of Bakeries in continuous operation as specified on the Development Schedule. Developer's failure to comply with the foregoing requirements shall constitute a default under this Agreement. Developer understands that time is of the essence with respect to its obligations to comply with the Development Schedule. Developer acknowledges and understands that this Agreement requires it to open Bakeries in the future pursuant to the Development Schedule. Developer further acknowledges and understands that the estimated investment requirement and fees and expenses set forth in Franchisor's franchise disclosure document are subject to increase and change over time, and that future Bakeries developed hereunder will most likely require a greater initial investment and increased operating capital than those detailed in the franchise disclosure document provided to Developer in connection with the execution of this Agreement.

7. SITE SELECTION AND ACCEPTANCE

7.1 Site Selection and Acceptance. Developer is responsible for locating proposed sites for the CINNAHOLIC® Bakeries to be established hereunder. Franchisor, in its sole discretion, may counsel and offer advice to Developer with respect to such site selection; provided, however, in no event shall Franchisor be liable to Developer in connection with providing advice or any such assistance. Upon Developer's selection of a proposed site for a Bakery, Developer shall promptly submit to Franchisor such site, demographic and other data and information about the proposed site as reasonably requested by Franchisor, utilizing such forms as may be required by Franchisor, and a copy of any lease, sublease or purchase agreement to be entered into in connection with the acquisition of such site. Franchisor shall either accept or reject the proposed site utilizing its then-current site selection policies and procedures. As a condition to accepting a proposed site to be leased or subleased, Developer must sign, and cause the lessor and/or sublessor of the proposed site, to sign the Collateral Assignment of Lease attached hereto as Exhibit B. In addition, Developer acknowledges and agrees that Franchisor's acceptance of a proposed site may be conditioned upon Developer meeting certain other requirements (including, without limitation, the negotiation of additional terms and conditions satisfactory to Franchisor to any lease, sublease or purchase agreement for the proposed site), and if Developer does not, or is unable to meet such requirements within a reasonable time, the site will be deemed rejected. Franchisor has the right to reject any proposed site should Developer be in default of this Agreement, any Franchise Agreement entered into pursuant to this Agreement or any other agreement between Developer and Franchisor. To be effective, any acceptance of a proposed site by Franchisor must be in writing. Developer acknowledges and agrees that Franchisor may reject any proposed site for any reason in its sole discretion, in which event, Developer may not develop a Bakery at the rejected site, but must locate another proposed site for the Bakery and submit it to Franchisor for acceptance in accordance with this Section 7.1.

7.2 Disclaimer. The acquisition in any manner of any proposed site, whether by option, purchase, lease or otherwise, before written acceptance by Franchisor shall be at the sole risk and responsibility of Developer and shall not obligate Franchisor in any way to accept such site or enter into a Franchise Agreement with Developer for the operation of a CINNAHOLIC® Bakery at such site. Developer understands and agrees that Franchisor's acceptance of a site (including any lease, sublease, or purchase agreement) for a Bakery is not an assurance or a guarantee by Franchisor of the suitability of such site for a CINNAHOLIC® Bakery or the success of any particular CINNAHOLIC® Bakery established at such site. Developer acknowledges and agrees that the suitability of a site and the success of any Bakery depends on many factors outside the control of either Franchisor or Developer (including, without limitation, such factors as interest rates, unemployment rates, demographic trends and the general economic climate) and further principally depends on Developer's efforts in the operation of the Bakery. In no event shall Franchisor be liable to Developer in connection with providing any assistance or advice with respect to the selection, construction or development of a site. In no event shall Franchisor be obligated to loan money, guarantee leases, subleases or purchase agreements, provide financing or otherwise become directly involved and/or obligated to Developer or to any third party in respect of such site selection or development of any Bakery; these activities and undertakings, financially and otherwise, shall be the exclusive responsibility of Developer.

8. CONSTRUCTION OF THE APPROVED SITE

8.1 Site Approval. Upon Franchisor's written acceptance of a proposed site in accordance with Section 7.1 above, Developer shall proceed promptly to enter into the approved lease, sublease or purchase agreement for the accepted site and obtain all necessary zoning, building and other governmental or regulatory approvals and permits required for the establishment of the Bakery. Franchisor shall provide Developer with a set of standard architectural plans and specifications for a prototype CINNAHOLIC® Bakery.

8.2 General Contractor. Developer shall employ a qualified general contractor, who is reputable and experienced building units of similar retail concepts, to supervise, delegate and/or perform (i) the construction and development of the Bakery, (ii) the completion of all improvements, (iii) the outfitting of the Bakery with furnishings, fixtures and equipment, and (iv) all other services that are designated by Franchisor to be performed by such general contractor in connection with constructing the Bakery (the "General Contractor"). Franchisor shall have the right, but not the obligation, to designate a single approved General Contractor or furnish Developer with a list of authorized General Contractors for Developer to employ in the construction of the Bakery. Developer shall be solely responsible for payment for all services provided by the General Contractor. Developer shall (a) employ the General Contractor prior to hiring the Architectural Firm (defined below) and (b) sign such contracts or agreements required to obtain the services of the General Contractor.

8.3 Architectural Firm. Franchisor shall have the right to designate one or more suppliers of design services and/or architecture services (an "Architectural Firm") to supply such services to the System. At Franchisor's option, Franchisor may authorize the General Contractor to select an Architectural Firm to assist in developing the Bakery, or may waive this requirement. Developer shall employ the Architectural Firm to furnish to Franchisor, for Franchisor's written acceptance, a proposed preliminary site and construction plans and specifications (which plans and specifications shall have been adopted from the prototype plans provided by Franchisor) for the CINNAHOLIC® Bakery which, if accepted, shall not thereafter be modified, altered or changed without Franchisor's prior written consent. Developer shall sign such contacts or agreements required to obtain the services of the Architectural Firm.

8.4 Construction of Bakery. Developer shall furnish Franchisor with such information relating to the construction of the Bakery and development of the site as Franchisor may from time to time request, which may include, without limitation, copies of all commitments and plans for construction and financing, the contact name, address and telephone number for any lenders and contractors, and a copy of any construction or financing agreements. Developer shall commence construction of the CINNAHOLIC® Bakery in accordance with the accepted site and construction plans and specifications as soon as possible and shall complete construction thereof, including the acquisition and installation of all equipment specified by Franchisor, and have the Bakery ready to open for business within 12 months after Franchisor's execution of the Franchise Agreement for the Bakery. Franchisor and its agents shall have the right to inspect the construction site at any reasonable time without prior notice. To the extent applicable, Developer agrees to give Franchisor written notice (i) at least 10 days before the pouring of the concrete slab for the Bakery and (ii) immediately after completion of the electrical and mechanical rough-ins to enable Franchisor to inspect the construction site at such times. Developer shall correct, upon Franchisor's request and at Developer's expense, any deviation from any accepted site or construction plans or specifications. Developer acknowledges and agrees that Franchisor has the right to designate the General Contractor and Architectural Firm

8.5 No liability of Franchisor. Developer acknowledges and agrees that (i) Franchisor assumes no responsibility for the quality of any construction because of any inspections made by it or any reports or recommendations made as a result of such inspections and (ii) Franchisor is not liable for any unsatisfactory performance of any contractor, architect, or suppler (including the General Contractor and Architectural Firm) retained by Developer, even if such contractor, architect, or supplier was designated by Franchisor. Franchisor shall have the option of approving or denying a request from Developer to use a General Contractor and/or Architectural Firm submitted by Developer to develop and construct the Bakery. In connection with such request, Developer and the proposed General Contractor and/or Architectural Firm shall submit all information and data as Franchisor may require to consider the request. Franchisor reserves the right to charge Developer a reasonable fee in connection with evaluating a request to use a proposed General Contractor and/or Architectural Firm. Franchisor may deny such request for any reason, including its determination to limit the number of approved General Contractors and/or Architectural Firms.

9. COUNSELING AND ADVISORY SERVICES

During the term of this Agreement, Franchisor may, in its sole discretion, upon request of Developer, furnish counseling and advisory services to Developer with respect to the development, construction and operation of the CINNAHOLIC® Bakeries to be established hereunder, including consultation and advice regarding the following: (i) parking and building layouts; (ii) traffic planning; (iii) construction and financing of the Bakery and other improvements; (iv) equipment selection and layout; (v) employee selection and training; (vi) advertising and promotion; (vii) bookkeeping and accounting; and (viii) purchasing and inventory control. These counseling and advisory services shall occur at Developer's offices, via telephone or email. Franchisor shall provide such assistance at no expense to Developer; provided, however, Franchisor reserves the right, in its sole discretion, to charge Developer a reasonable fee for unusual, extensive or extraordinary assistance requested by Developer and/or require Developer to reimburse Franchisor for expenses incurred by it in connection with providing such counseling and advisory services. In no event shall Franchisor be liable to Developer in connection with providing or failing to provide such services.

10. FRANCHISE AGREEMENTS

Within 10 days after Franchisor approves the proposed site, Developer must (a) sign and deliver to Franchisor two copies of Franchisor's then-current Franchise Agreement for the Bakery, together with any ancillary agreements required by the then-current Franchise Agreement and (b) pay Franchisor the applicable Franchise Fee as required therein but consistent with Section 5 above. Once Franchisor has received the signed Franchise Agreement, the Franchise Fee and all ancillary items it requires in satisfactory form, Franchisor will countersign the Franchise Agreement and return one fully signed copy to Developer. Developer understands that any obligation or liability Developer incurs with respect to the proposed Bakery or location before Franchisor has approved it in writing and sent Developer the countersigned Franchise Agreement is at Developer's sole risk, and will be Developer's sole responsibility. With respect to any Franchise Agreement executed in connection with this Agreement, Franchisor acknowledges and agrees that:

(i) the maximum amount of required advertising expenditures (expressed as a percentage of gross sales) under any Franchise Agreement shall not exceed the maximum amount of any required advertising expenditures required under the initial Franchise Agreement executed by Developer and Franchisor in connection herewith (the "Initial Franchise Agreement");

(ii) the initial term of each Franchise Agreement shall be 10 years with an option to renew for one additional 10 year period (upon satisfaction of the conditions for renewal set forth therein);

(iii) neither the distance nor the length of time of the post-termination covenant not to compete in any Franchise Agreement shall be increased from those set forth in the Initial Franchise Agreement;

(iv) the formula for determining the price to be paid by Franchisor for any of Developer's assets upon termination of any Franchise Agreement shall not be changed from that set forth in the Initial Franchise Agreement; and

(v) no material change in the termination provisions of a Franchise Agreement shall be made from those set forth in the Initial Franchise Agreement.

Developer shall comply with Franchisor's then-current franchising policies and procedures for execution of each Franchise Agreement. Franchisor shall be under no obligation to execute a Franchise Agreement unless Developer has complied in a timely manner with all of the terms and conditions of this Agreement and has satisfied all requirements set forth herein to the execution of the Franchise Agreement. In addition, Franchisor shall be under no obligation to execute a Franchise Agreement if Developer is in breach or default of any other Franchise Agreement, Market Development Agreement or any other agreement between Franchisor and Developer. If any Franchise Agreement contemplated by this Agreement is executed by Franchisor, it shall supersede this Agreement and govern the relationship between the parties hereto with respect to the Bakery that is the subject matter of such Franchise Agreement.

11. NO RIGHT TO OPERATE OR USE TRADEMARKS

Developer acknowledges and agrees that (i) until a Franchise Agreement has been entered into for a specific Bakery, Developer shall not have, nor be entitled to exercise, any of the rights, powers and privileges granted by the Franchise Agreement, including, without limitation, the right to use the Marks or the CINNAHOLIC® System; (ii) the execution of this Agreement shall not be deemed to grant any such rights, powers or privileges to Developer; and (iii) Developer may not under any circumstances commence operations of any CINNAHOLIC® Bakery before Franchisor's execution of a Franchise Agreement for that particular Bakery.

12. TERMINATION

12.1 Termination by Developer. Developer may terminate this Agreement if Developer is in substantial compliance with this Agreement and Franchisor materially breaches this Agreement and fails to cure such material breach within 90 days after written notice thereof is delivered to Franchisor. Notwithstanding the foregoing, if the breach is curable but is of a nature which cannot reasonably be cured within such 90 day period and Franchisor has commenced and is continuing to make good faith efforts to cure such breach, Franchisor shall be given an additional 60 day period to cure the same, and this Agreement shall not terminate. In the event of termination by Developer, all post-termination obligations of Developer described herein shall not be waived but shall be strictly adhered to by Developer.

12.2 Termination by Franchisor without a Cure Period. Franchisor may immediately terminate this Agreement upon written notice to Developer, without opportunity to cure, if:

(i) Developer files a petition under any bankruptcy or reorganization law, becomes insolvent, or has a trustee or receiver appointed by a court of competent jurisdiction for all or any part of its property;

(ii) Developer seeks to effect a plan of liquidation, reorganization, composition or arrangement of its affairs, whether or not the same shall be subsequently approved by a court of competent jurisdiction; it being understood that in no event shall this Agreement or any right or interest hereunder be deemed an asset in any insolvency, receivership, bankruptcy, composition, liquidation, arrangement or reorganization proceeding;

(iii) Developer has an involuntary proceeding filed against it under any bankruptcy, reorganization, or similar law and such proceeding is not dismissed within 60 days thereafter;

(iv) Developer makes a general assignment for the benefit of its creditors;

(v) Developer fails to pay when due any amount owed to Franchisor or its affiliates or subsidiaries, whether under this Agreement or not, and Developer does not correct such failure within 10 calendar days after written notice thereof is delivered to Developer;

(vi) Developer fails to pay when due any amount owed to any creditor, supplier or lessor of any Bakery developed hereunder or any taxing authority for federal, state or local taxes (other than amounts being bona fide disputed through appropriate proceedings) and Developer does not correct such failure within 10 calendar days after written notice is delivered thereof to Developer;

(vii) Developer fails to establish and open Bakeries in accordance with the Development Schedule;

(viii) Developer fails to maintain in continuous operation the minimum cumulative number of Bakeries required by the Development Schedule to be in operation during the applicable time period;

(ix) Developer or any of Developer's owners are convicted of or plead no contest to a felony, a crime involving moral turpitude or any other crime or offense that is likely to adversely affect the reputation of the CINNAHOLIC® System and the goodwill associated with the Marks;

(x) Developer makes a material misrepresentation to Franchisor at any time before or after the Effective Date;

(xi) Developer makes an unauthorized Transfer of this Agreement, the franchise, any Bakery, or an ownership interest in Developer;

(xii) Developer or any Bound Party (as defined below) breaches or fails to comply fully with Section 14 below;

(xiii) Developer fails to comply with any federal, state or local law or regulation applicable to the operation of the franchise (including any failure to comply with the Anti-Terrorism Laws (as defined below) as set forth in Section 32.2 below);

(xiv) Developer is dissolved either voluntarily or involuntarily;

(xv) Developer commits a breach or default under any Franchise Agreement or any other agreement between Developer and Franchisor and the breach or default is not cured during the time period required under such Franchise Agreement or other agreement, regardless of whether Franchisor in fact terminates such Franchise Agreement or other agreement; or

(xvi) Developer has received at least three default notices from Franchisor within a 12 month period, even if such default is subject to a right to cure or is cured after notice is delivered to Developer.

12.3 Termination by Franchisor with a Cure Period. Franchisor shall have the right to terminate this Agreement upon 30 days written notice if Developer fails to comply with any other provisions of this Agreement and such failure remains uncured in Franchisor's sole discretion; provided, however, if the breach is curable but is of a nature which cannot reasonably be cured within such 30 day period and Developer has commenced and is continuing to make good faith efforts to cure such breach, Developer shall be given an additional 30 day period to cure the same, and this Agreement shall not terminate.

12.4 Effect of Expiration or Termination. Upon the expiration or termination of this Agreement for any reason, any and all rights granted to Developer hereunder shall be extinguished immediately, and Developer shall not be relieved of any of its obligations, debts or liabilities hereunder. All rights and licenses granted to Developer hereunder to develop Bakeries shall revert to the Franchisor and the Franchisor shall have the right to develop, or license others to develop, Bakeries. Developer shall have no further rights to develop further Bakeries and Developer shall immediately cease all use of the Marks, except as permitted under the terms of a fully executed Franchise Agreement, which is in effect at the time of the termination or expiration. With respect to such then-effective Franchise Agreements, Developer shall retain its interest as a franchisee thereunder, provided that Developer is not in default under such Franchise Agreements. Developer shall pay all sums due to Franchisor or its affiliates. Upon the termination or expiration of this Agreement, Developer shall also undertake the following: (i) strictly comply with the post-termination/post-expiration covenant not to compete set forth herein; and (ii) continue to abide by those restrictions pertaining to the use of Franchisor's confidential information and proprietary information as set forth herein. The expiration and termination of this Agreement will be without prejudice to the rights of the Franchisor against Developer and the expiration or termination will not relieve Developer of any of its obligations to Franchisor existing at the time of such expiration or termination, or terminate those obligations of the Developer which by their nature survive the expiration or termination of this Agreement.

13. ASSIGNMENT

13.1 Assignment by Franchisor. This Agreement may be unilaterally assigned by the Franchisor and shall inure to the benefit of its successors and assigns. Developer agrees and affirms that Franchisor may sell itself, its assets, the Marks and/or the CINNAHOLIC® System to a third-party; may go public, may engage in private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. Developer further agrees and affirms that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or noncompetitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as CINNAHOLIC® Bakeries operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which Developer acknowledges may be proximate to any of its Bakeries. With regard to any of the above sales, assignments and dispositions, Developer expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, the Marks (or any variation thereof) and the CINNAHOLIC® System and/or the loss of association with or identification of CINNAHOLIC Franchising, LLC under this Agreement. If Franchisor assigns its rights in this Agreement, nothing in this Agreement shall be deemed to require Franchisor to remain in the CINNAHOLIC® business or to offer or sell any products or services to Developer.

13.2 Assignment by Developer. Developer shall not subfranchise, sell, assign, transfer, merge, convey or encumber (each, a "Transfer") this Agreement or any of its rights or obligations hereunder, or suffer or permit any such Transfer of this Agreement or its rights or obligations hereunder to occur by operation of law or otherwise without the prior express written consent of Franchisor. In addition, if Developer is a corporation, limited liability company, partnership, business trust, or similar association or entity, the shareholders, members, partners, beneficiaries, investors or other equity holders, as the case may be, may not Transfer their equity interests in such corporation, limited liability company, partnership, business trust, or similar association or entity, without the prior written consent of Franchisor. Furthermore, in the event that any shareholder, member, partner, investor or other equity holder of Developer (the "Equity Holder") is a corporation, limited liability company, partnership, business trust, or similar association or entity, the interests of the shareholders, members, partners, beneficiaries, investors or other equity holders, as the case may be, in such Equity Holder, may not be Transferred, without the prior written consent of Franchisor. Notwithstanding anything to the contrary in this Agreement, Franchisor shall have the right to approve or disapprove a Transfer under this Section 13.2 in its sole discretion. Any Transfer in violation of this Section shall be void and of no force and effect.

13.3 Death or Disability of Developer. Upon Developer's death or Disability (as such term is hereinafter defined), this Agreement or the ownership interest of any deceased or disabled shareholder, partner, member or other equity holder of the Developer or an Equity Holder must be Transferred to a party approved by Franchisor. Any Transfer, including, without limitation, transfers by devise or inheritance or trust provisions, shall be subject to the same conditions for Transfers set forth in Section 13.4 below. Franchisor shall not unreasonably withhold its consent to the Transfer of this Agreement or any ownership interest to the deceased or disabled Developer's or Equity Holder's spouse, heirs or members of his or her immediate family, provided all requirements of Section 13.4 have been complied with (except payment of the transfer fee, which shall not apply to such Transfers). A "Disability" shall have occurred with respect to Developer if Developer, or, if Developer is a corporation, partnership or limited liability company, its controlling shareholder, partner, member or other equity holder, is unable to actively participate in its activities as Developer hereunder for any reason for a continuous period of six months. As used in this Section 13.3, "Developer" may include a disabled or deceased controlling shareholder, partner or member where the context so requires.

13.4 Approval of Assignment. Franchisor's approval of any Transfer is, in all cases, contingent upon the following:

(i) the purchaser and/or the controlling persons of the purchaser having a satisfactory credit rating, being of good moral character, having business qualifications satisfactory to Franchisor, and being willing to enter into an agreement in writing to assume and perform all of Developer's duties and obligations hereunder and/or enter into a new Market Development Agreement for the Area of Responsibility, if so requested by Franchisor, and agreeing to enter into any and all agreements with Franchisor that are being required of all new market developers, including a guaranty agreement and any other agreement which may require payment of different or increased fees from those paid under this Agreement;

(ii) the terms and conditions of the proposed transfer (including, without limitation, the purchase price) being satisfactory to Franchisor;

(iii) all monetary obligations (whether hereunder or not) of Developer to Franchisor or Franchisor's affiliates or subsidiaries being paid in full;

(iv) Developer not being in default hereunder or any other agreement between Developer and Franchisor, including any Franchise Agreement;

(v) Developer and its owners executing a general release of any and all claims against Franchisor and its affiliates, subsidiaries, members, managers, officers, directors, employees and agents, in a form satisfactory to Franchisor;

(vi) Developer paying to Franchisor a transfer fee of $5,000 plus reimbursement for all legal, training and other expenses incurred by Franchisor in connection with the Transfer;

(vii) Developer first offering to sell such interest to Franchisor pursuant to Section 15 of this Agreement and the same having been declined in the manner therein set forth; and

(viii) the Marks not being used in any advertising for any Transfer prohibited by Sections 13.2 and 13.3 hereof.

13.5 Removal of General Partner. If Developer is a limited partnership, Developer may not remove or appoint, or permit the limited partners to remove or appoint, a new or successor general partner without the prior written consent of Franchisor (even if such appointment is due to the resignation, death or disability of the General Partner).

14. RESTRICTIVE COVENANTS

14.1 Covenants Not to Compete.

(i) Non-Competition During Term. In addition to and not in limitation of any other restrictions on Developer contained herein, Developer and Developer's spouse, and, if Developer is not an individual, its shareholders, members, partners and managers, as applicable, and their spouses (each, a "Bound Party"), agree that they will not, during the term of this Agreement, directly or indirectly, for and on behalf of itself, himself, herself or any other person or entity, (a) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business (as defined below), regardless of location or (b) perform services as a director, officer, manager, employee, consultant, representative, agent, or otherwise for a Competitive Business, regardless of location.

(ii) Post-Term Non-Competition. In addition to and not in limitation of any other restrictions on Developer contained herein, Developer and the Bound Parties agree that they will not, for one year following the effective date of termination or expiration of this Agreement for any reason, or following the date of a Transfer by Developer, directly or indirectly, for and on behalf of itself, himself, herself or any other person or entity, (a) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business or (b) perform services as a director, officer, manager, employee, consultant, representative, agent, or otherwise for a Competitive Business which, in either case, is located or operating within a five mile radius of any CINNAHOLIC® Bakery.

(iii) General. For purposes of this Agreement, the term "Competitive Business" means any business operating, or granting franchises or licenses to others to operate, a bakery or other food service business (a) engaged in the retail or wholesale production or sale of baked goods (including, but not limited to, all cinnamon rolls and other baked goods) and (b) that derives more than 50% of its revenue from sales of cinnamon rolls (other than another CINNAHOLIC® Bakery operated by Developer under license from Franchisor). Neither Developer nor the other Bound Parties will be prohibited from owning securities in a Competitive Business if they are listed on a stock exchange or traded on the over-the-counter market and represent 5% or less of the number of shares of that class of securities which are issued and outstanding. The parties acknowledge that the covenants contained in Section 14.1 are based on the reason and understanding that Developer and the Bound Parties will possess knowledge of Franchisor's business and operating methods and confidential information, disclosure and use of which would prejudice the interest of Franchisor and its franchisees. Developer further understands and acknowledges the difficulty of ascertaining monetary damages and the irreparable harm that would result from breach of these covenants. If any part of this restriction is found to be unreasonable in time or distance, such time or distance may be reduced by appropriate order of the court to that deemed reasonable. Franchisor shall, as a matter of course, receive injunctive relief to enforce such covenants in addition to any other relief to which it may be entitled at law or in equity. Franchisor shall receive such injunctive relief without the necessity of posting bond or other security, such bond or other security being hereby waived.

14.2 Non-Solicitation of Employees. Developer and the Bound Parties agree that while this Agreement is in effect and for one year after expiration or termination of this Agreement for any reason, or following the date of a Transfer by Developer, they will not, directly or indirectly, solicit or attempt to solicit, or otherwise interfere with or disrupt the employment relationship between Franchisor and any of its employees or between any other CINNAHOLIC® franchisee and its employees.

14.3 Trade Secrets and Confidential Information.

(i) Developer acknowledges and agrees that in connection with the operation of CINNAHOLIC® Bakeries and the CINNAHOLIC® System, Franchisor has developed at a great expense competitively sensitive proprietary and confidential information which are not commonly known by or available to the public. This proprietary and confidential information does not include any information that (a) is commonly known by or available to the public; (b) has been voluntarily disclosed to the public by Franchisor; (c) been independently developed or lawfully obtained by Developer; or (d) has otherwise entered the public domain through lawful means. All information which comprises the CINNAHOLIC® System including the information and data contained in any of Franchisor's operations manuals will be presumed to be confidential information of Franchisor.

(ii) Developer and each Bound Party agree that while this Agreement remains in effect such party will not, directly or indirectly, disclose or publish to any party, or copy or use for such party's own benefit, or for the benefit of any other party, any of Franchisor's proprietary or confidential information, except as required to carry out Developer's obligations under this Agreement or as Franchisor has otherwise expressly approved in writing. All proprietary and confidential information of Franchisor is the sole and exclusive property of Franchisor. Developer and each Bound Party agree that the restriction contained in the preceding sentence will remain in effect with respect to the confidential information for five years following termination or expiration of this Agreement for any reason; provided, however, if the confidential information rises to the level of a trade secret, then such restriction shall remain in effect until such time as the information does not constitute a trade secret. Developer also agrees that it and all of its employees and agents will take appropriate steps to protect Franchisor's confidential information from any unauthorized disclosure, copying or use. At any time upon Franchisor's request, and in any event upon termination or expiration of this Agreement, Developer will immediately return any copies of documents where there are materials containing confidential information and will take appropriate steps to permanently delete and render unusable any confidential information stored electronically.

14.4 Personal Covenants of Certain Bound Parties. As a condition to the effectiveness of this Agreement, and at the time Developer delivers this signed Agreement to Franchisor, each Bound Party of Developer must sign and deliver to Franchisor the Personal Covenants attached hereto as Exhibit C (the "Personal Covenants"), agreeing to be bound personally by all the provisions of Sections 14.1, 14.2 and 14.3 hereof. If there are any changes in the identity of any such Bound Party while this Agreement is in effect, Developer must notify Franchisor promptly and make sure the new Bound Party signs and delivers to Franchisor the Personal Covenants.

14.5 Agreements by Other Third Parties. As a condition to Franchisor's execution of this Agreement, Developer, if requested by Franchisor, shall cause each of its management and supervisory employees and other employees to whom disclosures of confidential information are made to execute a noncompetition, nonsolicitation and/or nondisclosure agreement in the form(s) prescribed by Franchisor from time to time.

14.6 Reasonable Restrictive Covenants. Developer acknowledges and agrees that (i) the covenants and restrictions in this Section 14 are reasonable, appropriate and necessary to protect the CINNAHOLIC® System, other franchisees and the legitimate interest of the Franchisor, and (ii) do not cause undue hardship on Developer or any of the other individuals required by this Section 14 to comply with the covenants and restrictions.

15. RIGHT OF FIRST REFUSAL

If during the term of this Agreement, Developer shall receive a bona fide offer from a prospective purchaser for any interest in Developer or any Bakeries (whether by sale of assets, sale of equity interest, merger, consolidation or otherwise), it shall offer the same to Franchisor in writing at the same price and on the same terms or the monetary equivalent; which offer Franchisor may accept at any time within 30 days after receipt thereof. If the parties cannot agree on a reasonable monetary equivalent, an independent appraiser designated by Franchisor shall determine the monetary equivalent and the appraiser's determination will be final. If Franchisor declines, or does not within such 30 day period accept, such offer, then Developer may make such Transfer to such purchaser (provided Franchisor approves of such purchaser in accordance with Section 13.2 and subject to compliance with Section 13.4), but not at a lower price nor on more favorable terms than have been offered to Franchisor. If Developer fails to complete such Transfer within 90 days following the refusal or failure to act by Franchisor, then Developer may not complete such Transfer without first offering the same to Franchisor again as provided above. The parties recognize that the terms of this Section 15 do not apply to a sale and subsequent leaseback of any site of any Bakery or any furnishings or equipment used thereon, or any other Transfer of the site of any Bakery or the furnishings or equipment thereon in connection with any bona fide financing plan. In no event shall Developer or any Equity Holder offer any interest in this Agreement or in Developer or any Equity Holder for Transfer at public auction, nor at any time shall an offer be made to the public to Transfer this Agreement or any interest in Developer or any Equity Holder, through the medium of advertisement, either in the newspapers or otherwise, without having first obtained the written consent of Franchisor to such advertisement or publication.

16. OWNERSHIP OF DEVELOPER

Attached hereto as Exhibit D is a description of the legal organization of Developer (whether a corporation, limited, liability company, partnership or otherwise), the names and addresses of each person or entity owning a 10% or greater interest in Developer (the "Principal Owners") and the percentage of such interest owned by such person or entity. Developer agrees to notify Franchisor in writing whenever there is any change in the organizational structure or ownership interest of Developer as set forth on Exhibit D. Franchisor may require each Principal Owner to execute the Guaranty Agreement attached hereto as Exhibit E.

17. SUCCESSORS AND THIRD PARTY BENEFICIARIES

This Agreement and the covenants, restrictions and limitations contained herein shall be binding upon and shall inure to the benefit of Franchisor and its successors and assigns and shall be binding upon and shall inure to the benefit of Developer and its permitted heirs, successors and assigns. Nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any person or legal entity not a party hereto. This Agreement is, however, intended to bind the Bound Parties to the extent set forth in this Agreement.

18. CONSTRUCTION

All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, and any other gender, as the context or sense of this Agreement or any provision hereof may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Developer shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Developer, if more than one person is so named. Except where this Agreement expressly obligates Franchisor not to unreasonably withhold its approval of any of Developer's actions or requests, Franchisor has the absolute right, in its sole and arbitrary discretion, to refuse any request Developer makes or to withhold its approval of any of Developer's proposed or effected actions that require Franchisor's approval.

19. INTERPRETATION AND HEADINGS

The parties agree that this Agreement should be interpreted according to its fair meaning. Developer waives to the fullest extent possible the application of any rule which would construe ambiguous language against Franchisor as the drafter of this Agreement. The words "include," "includes" and "including" when used in this Agreement will be interpreted as if they were followed by the words "without limitation". References to section numbers and headings will refer to sections of this Agreement unless the context indicates otherwise. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.

20. NOTICES

Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally, by certified, express or registered mail, or by an overnight delivery service (e.g., Federal or Airborne Express), postage prepaid, addressed to the party to be notified at the respective address first above written, or at such other address or addresses as the parties may from time to time designate in writing. Notices shall be deemed delivered on the date shown on the return receipt or in the delivery service's records as the date of delivery or on the date of first attempted delivery, if actual delivery cannot for any reason be made.

21. **GOVERNING LAW AND ENFORCEMENT**

21.1 Governing Law. ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §1 ET SEQ.). EXCEPT TO THE EXTENT PROVIDED BY THE FEDERAL ARBITRATION ACT AS REQUIRED HEREBY, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §1051 ET SEQ.) OR OTHER APPLICABLE FEDERAL LAW, THE TERMS OF THIS AGREEMENT SHALL BE INTERPRETED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF GEORGIA WITHOUT REGARD TO ITS CONFLICTS OF LAWS PROVISIONS; PROVIDED, HOWEVER, THAT THE LAW OF THE STATE OF DEVELOPER'S PRINCIPAL PLACE OF BUSINESS SHALL APPLY TO THE CONSTRUCTION AND ENFORCEMENT OF THE OBLIGATIONS SET FORTH IN SECTIONS 14.1 AND 14.2 HEREOF, WITHOUT REGARD TO ITS CONFLICTS OF LAWS. FOR ACTIONS THAT ARE NOT SUBJECT TO MANDATORY ARBITRATION UNDER SECTION 21.2, THE DEVELOPER HEREBY SUBMITS AND IRREVOCABLY CONSENTS TO THE EXCLUSIVE JURISDICTION OF THE FEDERAL AND STATE COURTS FOR THE DISTRICT WHERE FRANCHISOR'S PRINCIPAL EXECUTIVE OFFICE IS LOCATED ON THE DATE OF FILING OF THE ACTION AND AGREES NOT TO RAISE, AND HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION BASED UPON *FORUM NON CONVENIENS* OR ANY OTHER OBJECTION IT MAY NOW HAVE OR HEREAFTER HAVE TO SUCH JURISDICTION OR VENUE. FURTHER, NOTHING HEREIN CONTAINED SHALL BAR FRANCHISOR'S RIGHT TO OBTAIN INJUNCTIVE RELIEF AGAINST THREATENED CONDUCT THAT WILL CAUSE IRREPARABLE HARM, UNDER THE USUAL EQUITY RULES INCLUDING THE APPLICABLE RULES FOR OBTAINING SPECIFIC PERFORMANCE, RESTRAINING ORDERS AND PRELIMINARY INJUNCTIONS.

21.2 Arbitration. EXCEPT TO THE EXTENT FRANCHISOR SEEKS INJUNCTIVE OR OTHER EQUITABLE RELIEF TO ENFORCE PROVISIONS OF THIS AGREEMENT, AND EXCEPT FOR CONTROVERSIES, CLAIMS OR DISPUTES BASED ON DEVELOPER'S FAILURE TO PAY ANY FEES DUE HEREUNDER WHEN DUE; DEVELOPER'S VIOLATION OF ANY HEALTH OR SAFETY LAW; OR DEVELOPER'S USE OF THE MARKS, ALL CONTROVERSIES, CLAIMS OR DISPUTES BETWEEN FRANCHISOR AND DEVELOPER ARISING OUT OF OR RELATING TO (I) THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR AND DEVELOPER, (II) THE RELATIONSHIP BETWEEN DEVELOPER AND FRANCHISOR, OR (III) THE SCOPE AND VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR AND DEVELOPER (INCLUDING THE SCOPE AND VALIDITY OF THE ARBITRATION OBLIGATIONS UNDER THIS SECTION, WHICH FRANCHISOR AND DEVELOPER ACKNOWLEDGE IS TO BE DETERMINED BY AN ARBITRATOR AND NOT A COURT) SHALL BE DETERMINED BY ARBITRATION WITH THE AMERICAN ARBITRATION ASSOCIATION ("AAA") AT THE OFFICE OF THE AAA CLOSEST TO FRANCHISOR'S PRINCIPAL EXECUTIVE OFFICE ON THE DATE OF SUBMISSION OF THE MATTER TO THE AAA. SUCH ARBITRATION SHALL BE CONDUCTED BEFORE ONE ARBITRATOR CHOSEN IN ACCORDANCE WITH AAA COMMERCIAL ARBITRATION RULES. THE DECISION OF THE ARBITRATOR SHALL BE FINAL AND BINDING UPON ALL PARTIES CONCERNED. SUCH DECISION SHALL BE RENDERED WITHIN 30 DAYS OF THE CLOSE OF THE ARBITRATION HEARING RECORD. THE ARBITRATION PROCEEDING SHALL BE CONDUCTED AT THE OFFICE OF THE AAA CLOSEST TO FRANCHISOR'S PRINCIPAL EXECUTIVE OFFICE ON THE DATE OF SUBMISSION OF THE MATTER TO THE AAA. IN ANY ARBITRATION PROCEEDING, FRANCHISOR AND DEVELOPER AGREE THAT EACH MUST SUBMIT OR FILE ANY CLAIM WHICH WOULD CONSTITUTE A COMPULSORY COUNTERCLAIM (AS DEFINED BY THE THEN CURRENT RULE 13 OF THE FEDERAL RULES OF CIVIL PROCEDURE) WITHIN THE

SAME PROCEEDING AS THE CLAIM TO WHICH IT RELATES. ANY CLAIM NOT SUBMITTED OR FILED AS REQUIRED IS FOREVER BARRED. THE ARBITRATOR MAY NOT CONSIDER ANY SETTLEMENT DISCUSSIONS OR OFFERS THAT MIGHT HAVE BEEN MADE BY EITHER PARTY. FRANCHISOR RESERVES THE RIGHT, BUT HAS NO OBLIGATION, TO ADVANCE DEVELOPER'S SHARE OF THE COSTS OF ANY ARBITRATION PROCEEDING IN ORDER FOR SUCH ARBITRATION PROCEEDINGS TO TAKE PLACE AND BY DOING SO WILL NOT BE DEEMED TO HAVE WAIVED OR RELINQUISHED FRANCHISOR'S RIGHT TO SEEK THE RECOVERY OF THOSE COSTS IN ACCORDANCE WITH SECTION 22. THE ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THE ARBITRATION PROCEEDING MAY NOT BE CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER PERSON. NOTWITHSTANDING THE FOREGOING OR ANYTHING TO THE CONTRARY IN THIS SECTION OR SECTION 24, IF ANY COURT OR ARBITRATOR DETERMINES THAT ALL OR ANY PART OF THE PRECEDING SENTENCE IS UNENFORCEABLE WITH RESPECT TO A DISPUTE THAT OTHERWISE WOULD BE SUBJECT TO ARBITRATION UNDER THIS SECTION 21.2, THEN ALL PARTIES AGREE THAT THIS ARBITRATION CLAUSE SHALL NOT APPLY TO THAT DISPUTE AND THAT SUCH DISPUTE SHALL BE RESOLVED IN A JUDICIAL PROCEEDING IN ACCORDANCE WITH THIS SECTION 21 (EXCLUDING THIS SECTION 21.2). THE FEDERAL RULES OF EVIDENCE SHALL APPLY TO THE ARBITRATION. IN ALL OTHER RESPECTS, THE RULES OF THE AAA AND THE UNITED STATES ARBITRATION ACT SHALL CONTROL. JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATION MAY BE ENTERED IN ANY COURT HAVING COMPETENT JURISDICTION THEREOF.

21.3 **Damages And Timing Of Claims. THE PARTIES AGREE THAT NEITHER PARTY SHALL HAVE THE RIGHT TO RECEIVE OR COLLECT PUNITIVE OR EXEMPLARY DAMAGES FROM THE OTHER PARTY. ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP BETWEEN DEVELOPER AND FRANCHISOR, OR THE OPERATION OF THE FRANCHISE AND THE BAKERY BROUGHT BY ANY PARTY TO THIS AGREEMENT AGAINST ANOTHER PARTY TO THIS AGREEMENT, SHALL BE COMMENCED WITHIN ONE YEAR FROM THE DISCOVERY OF THE FACTS GIVING RISE TO ANY SUCH CLAIM OR ACTION, OR SUCH CLAIM OR ACTION SHALL BE BARRED; PROVIDED, HOWEVER, THAT THIS TIME LIMITATION SHALL NOT APPLY TO ANY UNPERFORMED FINANCIAL OBLIGATION OF DEVELOPER TO FRANCHISOR. THE PARTIES UNDERSTAND THAT SUCH TIME LIMIT MAY BE SHORTER THAN OTHERWISE ALLOWED BY LAW. DEVELOPER AND THE BOUND PARTIES AGREE THAT THEIR SOLE RECOURSE FOR CLAIMS ARISING BETWEEN THE PARTIES SHALL BE AGAINST FRANCHISOR AND ITS SUCCESSORS AND ASSIGNS. DEVELOPER AND THE BOUND PARTIES AGREE THAT THE OWNERS, DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS OF FRANCHISOR AND ITS AFFILIATES SHALL NOT BE PERSONALLY LIABLE NOR NAMED AS A PARTY IN ANY ACTION BETWEEN FRANCHISOR AND DEVELOPER AND ANY BOUND PARTY.**

22. COSTS AND ATTORNEYS' FEES

If Franchisor incurs any expenses in connection with Developer's failure to pay any amounts it owes when due or otherwise to comply with this Agreement, Developer agrees to reimburse Franchisor for any of the costs and expenses which Franchisor incurs, including, without limitation, reasonable accounting, attorneys', arbitrators' and related fees.

23. WAIVER

No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Developer shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or a different kind; nor shall any delay or omission of Franchisor to exercise any right arising from any such default affect or impair Franchisor's rights as to such default or any future default.

24. SEVERABILITY

If any term, restriction or covenant of this Agreement is deemed invalid or unenforceable, all other terms, restrictions and covenants and the application thereof to all persons and circumstances subject hereto shall remain unaffected to the extent permitted by law; and if any application of any term, restriction or covenant to any person or circumstance is deemed invalid or unenforceable, the application of such terms, restriction or covenant to other persons and circumstances shall remain unaffected to the extent permitted by law.

25. RELATIONSHIP OF THE PARTIES

It is the express intention of the parties hereto that Developer is and shall be an independent contractor under this Agreement, and no partnership, joint venture, fiduciary relationship or other special relationship shall exist between Developer and Franchisor. This Agreement does not constitute Developer as the agent, legal representative or employee of Franchisor for any purpose whatsoever, and Developer is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, Franchisor or in any way to bind Franchisor. Developer agrees not to incur or contract for any debt or obligation on behalf of the Franchisor, or commit any act, make any representation or advertise in any manner which may adversely affect any right of Franchisor, or be detrimental to the good name and reputation of Franchisor or any other developers of Franchisor.

26. DELEGATION BY FRANCHISOR

Franchisor shall have the right to delegate performance of any or all of its obligations and duties hereunder. Developer hereby agrees to such delegation.

27. REVIEW OF AGREEMENT

Developer acknowledges that it has had a copy of the Franchisor's franchise disclosure document for at least 14 calendar days before signing any franchise or related agreement; or at least 14 calendar days before the payment of any consideration to Franchisor. Developer has had the opportunity to have this Agreement and the business offered hereunder reviewed by professionals of Developer's choosing before executing this Agreement.

28. NO RIGHT OF SET OFF

Developer agrees that it will not set off or withhold payment of any amounts it owes Franchisor on the grounds of Franchisor's alleged nonperformance of any of Franchisor's obligations under this Agreement or for any other reason. Developer agrees that all such claims will, if not otherwise resolved, be submitted to arbitration as provided in Section 21.2.

29. CUMULATIVE RIGHTS

The rights granted hereunder are cumulative, and no exercise or enforcement by either party of any right or remedy hereunder will preclude the exercise or enforcement of any other right or remedy to which either Franchisor or Developer are entitled.

30. ENTIRE AGREEMENT

This Agreement and any addendum, schedule or exhibit attached hereto contains the entire agreement between the parties hereto relating to the development of the Bakeries and the franchised business and no representations, inducements, promises, agreements, arrangements or undertakings, oral or written, have been made or relied upon by the parties other than those set forth herein. No agreement altering, changing, waiving or modifying any of the terms and conditions of this Agreement shall be binding upon either party unless and until the same is made in writing and executed by all interested parties. This Agreement may not be amended or supplemented by a course of conduct. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Developer to waive reliance on any representation that Franchisor made in its most recent disclosure document (including its exhibits and amendments) that Franchisor delivered to Developer or Developer's representative.

31. COUNTERPARTS

This Agreement may be signed in multiple counterpart copies, each of which will be deemed an original.

32. DEVELOPER'S ACKNOWLEDGMENTS

32.1 Success Depends on Developer and No Warranties. Developer assumes sole responsibility for the operation of the business franchised hereunder and acknowledges that, while Franchisor may furnish advice and assistance to Developer from time to time during the term of this Agreement, Franchisor has no legal or other obligation to do so except as specifically set forth herein. In addition, Developer acknowledges that Franchisor does not guarantee the success or profitability of the business franchised hereunder in any manner whatsoever and shall not be liable therefor; in particular Developer understands and acknowledges that the success and profitability of the business franchised hereunder depend on many factors outside the control of either Franchisor or Developer (such as interest rates, unemployment rates, demographic trends and the general economic climate) and there are significant risks in any business venture, but principally depend on Developer's efforts in the operation of the business and the primary factor in Developer's success or failure in the business franchised hereunder will be Developer's own efforts. IN ADDITION, DEVELOPER ACKNOWLEDGES AND AGREES THAT FRANCHISOR AND ITS REPRESENTATIVES HAVE MADE NO REPRESENTATIONS OR WARRANTIES TO DEVELOPER OTHER THAN OR INCONSISTENT WITH THE MATTERS SET FORTH IN THIS AGREEMENT, AND THAT DEVELOPER HAS UNDERTAKEN THIS VENTURE SOLELY IN RELIANCE UPON THE MATTERS SET FORTH HEREIN AND DEVELOPER'S OWN INDEPENDENT INVESTIGATION OF THE MERITS OF THIS VENTURE.

32.2 Anti-Terrorism Laws.

(i) Developer and its owners agree to comply with and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws. In connection with such compliance, Developer and its owners certify, represent, and warrant that none of their property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Developer and its owners are not otherwise in violation of any of the Anti-Terrorism Laws.

(ii) "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States ("Executive Order 13224"), the Terrorism Sanctions Regulation (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances regulations, policies, lists and any other requirements of any governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control, and any other government agency with jurisdiction over the parties to this Agreement and/or their actions) addressing or in any way relating to terrorist acts and/or acts of war.

(iii) Developer and its owners certify that none of them, their respective employees, agents, bankers, affiliates or anyone associated with them is listed in the Annex to Executive Order 13224. Developer agrees not to hire (or, if already employed, retain the employment of) any individual who is listed in the Annex. (A copy of the Annex can be accessed on the internet at the following address: http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html.)

(iv) Developer certifies that it has no knowledge or information that, if generally known, would result in (a) Developer, (b) Developer's owners, employees, agents, bankers or affiliates or (c) anyone associated with Developer to be listed in the Annex to Executive Order 13224.

(v) Developer is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws.

(vi) Any misrepresentation under this Section or any violation of the Anti-Terrorism Laws by Developer or Developer's owners, agents, bankers, employees and affiliates shall constitute grounds for immediate termination of this Agreement and any other agreement Developer has entered with Franchisor or an affiliate of Franchisor, in accordance with Section 12.2(xiii) above.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

CINNAHOLIC FRANCHISING, LLC

By:______________________________________
Name:_____________________________________
Title:______________________________________

DEVELOPER:

If an Individual:

Signature:_________________________________
Printed Name:_____________________________

If other than an Individual:

[INSERT ENTITY NAME]

By:______________________________________
Name:_____________________________________
Title:______________________________________

Exhibit A

Area of Responsibility, Development Schedule, and Development Fee

The Area of Responsibility Per Section 1:____
____
____
____

Development Schedule: Developer agrees to have open and operating at least the following minimum, cumulative number of Bakeries by the date specified:

Cumulative Number of Bakeries to be Developed	Last Date to Establish and Open the Bakery	Franchise Fee
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Total Development Fee Per Section 4: $____________________________

Exhibit B

Collateral Assignment of Lease

(See Attached)

COLLATERAL ASSIGNMENT OF LEASE

This Collateral Assignment of Lease entered into as of this _____ day of ___________, 20__, by and between ______________________, ("Tenant") party of the first part; and CINNAHOLIC Franchising LLC, a Georgia Limited Liability Company ("Franchisor") party of the second part; witnesseth that:

WHEREAS, by Lease (the "Lease") dated the ______ day of _________________, 20__, _______________________ ("Lessor") leased unto Tenant, the premises (the "Leased Premises") briefly described as in copy of Lease attached hereto as Exhibit "A" and incorporated herein by reference; and

WHEREAS, Franchisor has a vested interest in the successful operation of the Leased Premises by virtue of a certain Franchise Agreement between Franchisor and Tenant, dated ________ (the "Franchise Agreement");

NOW THEREFORE, for and in consideration of the making the Franchise Agreement between Franchisor and Tenant, Tenant does hereby assign, transfer and set over unto Franchisor, with the right to reassign, all of their rights, title and interest in and to the Lease and in and to the Leased Premises; it being nevertheless expressly understood and agreed that this Assignment of Lease is made to Franchisor upon the following terms, covenants, limitations, and conditions:

1. Tenant shall retain possession of the leased premises in accordance with the terms and conditions of the Lease so long as no default or breach occurs under the Lease, in any agreement evidencing said Lease or the Franchise Agreement;

2. If default or breach be made by Tenant in the performance of the Lease or the Franchise Agreement or the Franchise Agreement is Terminated, then Franchisor shall have the option of taking over the Leased Premises, provided, however, that in the event Franchisor elects to exercise said option of taking over the Leased Premises for the purpose of operating the same, written notice of its election to do so shall be mailed promptly by Franchisor to Lessor. Franchisor shall not have the right of possession of the Leased Premises until such notice is received by Lessor. Upon the receipt of notice of exercise of such option, Franchisor shall be deemed to be substituted as the Tenant/Lessee in said Lease in the place and instead of Tenant, and shall be deemed to have assumed expressly all of the terms, covenants, and obligations of the Lease theretofore applicable to the party of the first part, and shall likewise be entitled to enjoy all of the rights and privileges granted to Tenant under the terms and conditions of the Lease, with the right to reassign same to any tenant or franchisee who can demonstrate a net worth of $250,000, or otherwise to a subsidiary/affiliate of Franchisor;

3. That Franchisor shall have the right, but shall not be obligated, to cure any default by Tenant under the Lease within Tenant's cure period under the Lease, or within thirty (30) days after the expiration of Tenant's cure period under the Lease, provided that prior to the expiration of Tenant's cure period under the Lease, Franchisor notifies Landlord in writing that Franchisor intends to cure such default;

4. It is understood and agreed that so long as Franchisor shall not have exercised its option under the foregoing provisions hereof as to the Leased Premises, Franchisor shall not be liable for rent or any obligation of Tenant under and by virtue of or in connection with the Lease, and Tenant shall remain liable for such rent and obligations;

5. Tenant and Lessor shall not, by agreement or alone, modify or terminate this lease without written consent of Franchisor;

6. The parties hereby agree that in the event Lessor files for protection under the Bankruptcy Code, Tenant has the right to assign to Franchisor its right to elect to accede to Lessor's bankruptcy rejection of the Lease; and

7. In order to secure Tenant's performance of the Lease and the Franchise Agreement, and in order to facilitate the agreements between Franchisor and Tenant set forth hereunder, Franchisor shall have an interest superior to Lessor on all Tenant's Trade Fixtures. For purposes of this Assignment, "Trade Fixtures" shall be defined as all merchandise, signs, fixtures, furniture, furnishings, partitions and equipment installed and owned by Tenant.

FRANCHISOR:	TENANT:
CINNAHOLIC FRANCHISING, LLC	<<Insert Name of Tenant>>
BY:___________________________ <<Type Name of Signor>>	
TITLE: <<Type Title of Signor>>	

CONSENT OF LESSOR:

<<Type Name of Lessor>>

BY:_________________________
<<Type Name of Signor>>

TITLE: <<Type Title of Signor>>

ATTEST:_____________________
Secretary

[CORPORATE SEAL]

Exhibit C

Personal Covenants

(See Attached)

PERSONAL COVENANTS

Each of the undersigned ("you") agrees that:

1. All capitalized terms used but not defined in this Personal Covenants shall have the meaning set forth in that certain CINNAHOLIC FRANCHISING, LLC Market Development Agreement, dated as of the ___ day of _______, 201__ (the "Development Agreement"), by and between CINNAHOLIC FRANCHISING, LLC ("Franchisor"), and ______________________ ("Developer").

2. You are a Bound Party.

3. As an inducement to Franchisor to enter into the Development Agreement, and in consideration of the direct and personal benefits you will derive from the Development Agreement, you agree that: (i) you have read and understand all the provisions of Sections 14.1, 14.2, 14.3 and 21.3 of the Development Agreement; (ii) you will be personally bound by all of the obligations and covenants of Developer contained in Sections 14.1, 14.2, 14.3 and 21.3 as if such obligations and covenants were made and given personally by you directly to Franchisor; and (iii) such obligations and covenants are fair and reasonable and will not deprive you of your livelihood.

4. If any sentence, clause, paragraph, or combination of any of them in Sections 14.1, 14.2, 14.3 or 21.3 of the Development Agreement is held by a court of competent jurisdiction to be unenforceable as applied to you, then such unenforceable sentence, clause, paragraph, or combination may be modified by such court to the extent necessary to render it enforceable, and if it cannot be so modified, it shall be severed and the remainder of Sections 14.1, 14.2, 14.3 and 21.3 shall remain in full force and effect.

5. These personal covenants shall be governed by the internal laws of the State of Georgia, unless the law of your jurisdiction applies as provided for in Section 21 of the Development Agreement.

The undersigned hereby execute and deliver this instrument effective as of the Effective Date of the Development Agreement.

________________________________	________________________________
Signature	Signature
________________________________	________________________________
Print Name	Print Name
Date: __________, 20_____	Date:__________, 20_____
________________________________	________________________________
Signature	Signature
________________________________	________________________________
Print Name	Print Name
Date:__________, 20_____	Date:__________, 20_____
________________________________	________________________________
Signature	Signature
________________________________	________________________________
Print Name	Print Name

Date:__________, 20_____

Date:__________, 20_____

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Signature

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Print Name

Date:__________, 20_____

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Print Name

Date:__________, 20_____

Exhibit D

Developer Information

1. Developer's legal organization (circle one): (a) sole proprietorship; (b) partnership; (c) corporation; (d) limited liability company; or (e) other.

2. If Developer is not a sole proprietor, list of all its partners, members or shareholders or others holding any ownership interest in Developer:

	Name and address	% interest	Active in Operation of Business? (yes/no)
(a)	______________________ ______________________ ______________________	________	________
(b)	______________________ ______________________ ______________________	________	________
(c)	______________________ ______________________ ______________________	________	________
(d)	______________________ ______________________ ______________________	________	________

3. If Developer is not a sole proprietor, list all of its officers, directors, managers and/or general partners:

	Name	Title
(a)	______________________	______________________
(b)	______________________	______________________
(c)	______________________	______________________
(d)	______________________	______________________

[Signature Appears on Following Page]

The undersigned certifies that all information contained in this Exhibit D is accurate and complete, and agrees to notify Franchisor promptly (and in any case within 15 days) upon any change in the information required to be disclosed in this Exhibit D.

DEVELOPER:

If an Individual:

If other than an Individual:

Signature: ____________________

Printed Name: __________________

[INSERT ENTITY NAME]

By: ___________________________________
Name: ________________________________
Title: _________________________________

Exhibit E

Guaranty Agreement

(See Attached)

GUARANTY AGREEMENT

In consideration of, and as an inducement to, the execution by CINNAHOLIC FRANCHISING, LLC ("Franchisor") of that certain CINNAHOLIC FRANCHISING, LLC Market Development Agreement, dated _____________, 20___ (as the same from time to time may be amended or modified, the "Development Agreement"), by and between ___________________________ ("Developer") and Franchisor, the undersigned, for the term of the Development Agreement, and thereafter until all obligations of Developer to Franchisor have been satisfied, jointly and severally, do hereby personally, absolutely, and unconditionally guarantee that Developer shall punctually pay and perform each and every undertaking, condition, and covenant set forth in the Development Agreement.

Each of the undersigned further waives acceptance and notice of acceptance of the foregoing obligations of Developer, notice of demand for payment of any indebtedness or for performance of any obligations hereby guaranteed, and any right the undersigned may have to require that an action be brought against Developer or any other person as a condition to the liability of the undersigned.

This Guaranty is a guarantee of payment and performance not merely one of collection. Each of the undersigned further consents and agrees that its liability under this Guaranty shall be direct and immediate and joint and several; that the undersigned shall render any payment or performance required under the Development Agreement upon demand if Developer fails or refuses punctually to do so; that such liability shall not be contingent or conditioned upon the pursuit of any remedies against Developer or any other person; and that such liability shall not be diminished, relieved or otherwise affected by the extension of time, credit or any other indulgence which Franchisor, its affiliates, successors or assigns may, from time to time, grant to Developer or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, or the release of any one or more of the undersigned hereunder, or the consent to assignment of the Development Agreement or any interest in Developer, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable throughout the term of the Development Agreement and any extension or renewal thereof and thereafter until all obligations of Developer to Franchisor have been satisfied.

Until all obligations of Developer to Franchisor have been satisfied, the obligations of the undersigned under this Guaranty shall remain in full force and effect without regard to, and shall not be released, discharged or in any way modified or affected by, any circumstance or condition (whether or not the undersigned shall have any knowledge or notice thereof), including, without limitation, any bankruptcy, insolvency, reorganization, composition, liquidation or similar proceeding, with respect to Developer or its properties or creditors, or any action taken by any trustee or receiver or by any court in any such proceeding. Each of the undersigned specifically waives any rights that may be conferred upon the undersigned as a guarantor or surety under the applicable law of any state. The remedies provided herein shall be nonexclusive and cumulative of all other rights, powers and remedies provided under the Development Agreement or by law or in equity.

The undersigned hereby agree that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder, any term, covenant or condition of the Development Agreement may be amended, compromised, released or otherwise altered by Franchisor and the Developer and the undersigned do guarantee and promise to perform all of the obligations of the Developer under the Development Agreement as so amended, compromised, released or altered.

Upon notice from Franchisor that Developer has failed to pay monies due and owing to Franchisor under the Development Agreement, any and each of the undersigned agree to cure the monetary default within five business days from such notice.

Upon the death of an undersigned, the estate of such undersigned shall be bound by this Guaranty but only for defaults and obligations hereunder existing at the time of death. The obligations of the surviving undersigned shall continue in full force and effect.

The undersigned expressly acknowledge that the obligations hereunder survive the termination of the Development Agreement.

Franchisor's failure to enforce all or any portion of its rights under this Guaranty shall not constitute a waiver of its ability to do so at any point in the future.

No delay or failure of Franchisor in the exercise of any right, power, or remedy shall operate as a waiver thereof, and no partial exercise by Franchisor shall preclude any further exercise thereof or the exercise of any other right, power or remedy.

This Guaranty shall be governed by and construed in accordance with the internal laws of the State of Georgia without recourse to Georgia (or any other) choice of law or conflicts of law principles. If, however, any provision of this Guaranty would not be enforceable under the laws of Georgia, and if the business franchised under the Development Agreement is located outside of Georgia and the provision would be enforceable under the laws of the state in which the franchised business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Guaranty is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or other doctrine of law of the State of Georgia or any other state, which would not otherwise apply. Any litigation initiated under this Guaranty shall be instituted exclusively at Franchisor's discretion in the most immediate state judicial district and court encompassing Franchisor's headquarters and having subject matter jurisdiction thereof or the United States District Court encompassing Franchisor's headquarters. Each of the undersigned expressly agree that the undersigned is subject to the jurisdiction and venue of those courts for purposes of such litigation. Each of the undersigned hereby waive and covenant never to assert any claim that the undersigned is not subject to personal jurisdiction in those courts or that venue in those courts is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of *forum non conveniens*).

If Franchisor chooses to proceed against the undersigned under this Guaranty, and Franchisor prevails, the undersigned shall reimburse Franchisor its costs and expenses associated with the proceeding, including its reasonable attorneys' fees, court costs and expenses.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed its signature this ____ day of ___________, 20__.

Agreed: CINNAHOLIC FRANCHISING, LLC	GUARANTORS: ___________________________________(SEAL) Signature
By: ___________________________ Name: _________________________ Its: ___________________________	Address: ____ ____ Social Security No.:________________________

_________________________________(SEAL)
Signature

Address:
____
____
Social Security No.:_______________
_________________________________(SEAL)
Signature

Address:
____
____
Social Security No.:_______________
_________________________________(SEAL)
Signature

Address:
____
____
Social Security No.:_______________

Exhibit F

State Specific Addenda

(See Attached)

CINNAHOLIC FRANCHISING, LLC
ADDENDUM TO MARKET DEVELOPMENT AGREEMENT
(California)

The following Addendum modifies and supersedes the Cinnaholic Franchising, LLC Market Development Agreement (the "Agreement") with respect to CINNAHOLIC franchises offered or sold to either a resident of the State of California or a non-resident who will be operating a CINNAHOLIC franchise in the State of California pursuant to the California Franchise Investment Law §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043, as follows:

1. The first sentence of Section 4 of the Agreement is deleted in its entirety and replaced with the following:

Five days after the Developer's first CINNAHOLIC Bakery opens for business, Developer shall pay to Franchisor a development fee in an amount set forth on Exhibit A to this Agreement (the "Development Fee").

2. If any of the provisions of the Agreement concerning termination are inconsistent with either the California Franchise Relations Act or with the federal bankruptcy law (11 U.S.C. §101, et seq.) (concerning termination of the Agreement on certain bankruptcy-related events), then such laws will apply.

3. The Agreement requires that it be governed by Georgia law. This requirement may be unenforceable under California law.

4. Developer must sign a general release if Developer transfers its franchise. California Corporations Code 31512 voids a waiver of Developer's rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of Developer's rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

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

6. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Addendum shall govern.

[Signatures Appear on Following Page]

Each of the undersigned hereby acknowledges having read, understood, and executed this Addendum on ______________, 20____.

FRANCHISOR:

CINNAHOLIC FRANCHISING, LLC

By:_________________________________
Print Name:__________________________
Title:_______________________________

DEVELOPER:

If an Individual:

Signature: _________________________________
Print Name: ________________________________

If other than an Individual:

____

By:_______________________________________
Name:_____________________________________
Title:_____________________________________

CINNAHOLIC FRANCHISING, LLC
ADDENDUM TO MARKET DEVELOPMENT AGREEMENT
(Illinois)

The following Addendum modifies and supersedes the Cinnaholic Franchising, LLC Market Development Agreement (the "Agreement") with respect to CINNAHOLIC franchises offered or sold to either a resident of the State of Illinois or a non-resident who will be operating a CINNAHOLIC franchise in the State of Illinois pursuant to the Illinois Franchise Disclosure Act of 1987, Ill. Comp. Stat. §§ 705/1 through 705/44, as follows:

1) Illinois law governs the Franchise Agreement(s).

2) Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

3) In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However a franchise agreement may provide for arbitration to take place outside of Illinois.

4) Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

5) In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Each of the undersigned hereby acknowledges having read, understood, and executed this Addendum on ________________________, 20____.

FRANCHISOR:

CINNAHOLIC FRANCHISING, LLC

By:______________________________
Print Name:_________________________
Title:_____________________________

DEVELOPER:

If an Individual:

Signature: ______________________________
Print Name: _____________________________

If other than an Individual:
____

By:____________________________________
Name:__________________________________
Title:__________________________________

CINNAHOLIC FRANCHISING, LLC
ADDENDUM TO MARKET DEVELOPMENT AGREEMENT
(Maryland)

The following Addendum modifies and supersedes the Cinnaholic Franchising, LLC Market Development Agreement (the "Agreement") with respect to CINNAHOLIC franchises offered or sold to either a resident of the State of Maryland or a non-resident who will be operating a CINNAHOLIC franchise in the State of Maryland pursuant to the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§ 14-201 through 14-233, as follows:

1. The first sentence of Section 4 of the Agreement is deleted in its entirety and replaced with the following:

All fees shall be deferred pending satisfaction of all of the franchisor's pre-opening obligations to the franchisee. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

2. The general release language required as a condition of sale and/or assignment or transfer shall apply except for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Under certain circumstances, the Agreement requires Developer to submit to a court proceeding in the State where Franchisor's principal executive office is located. These provisions may run contrary to the Maryland Franchise Registration and Disclosure Law. Therefore, nothing will preclude Developer from being able to enter into litigation with Franchisor in Maryland.

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

5. Attached to this Addendum as Schedule 1 is the form of the general release that Developer and its owners will sign, as, and if, required by Section 13.4 of the Agreement.

6. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

7. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Addendum shall govern.

Each of the undersigned hereby acknowledges having read, understood, and executed this Addendum on ________________________, 20____.

FRANCHISOR:

CINNAHOLIC FRANCHISING, LLC

By:______________________________
Print Name:_______________________
Title:____________________________

DEVELOPER:

If an Individual:

Signature:__________________________________
Print Name:_________________________________

If other than an Individual:

____

By:____
Name:______________________________________
Title:_______________________________________

Schedule 1

General Release

(See Attached)

GENERAL RELEASE

This General Release is made effective this ____ day of ______________, 20__. In consideration for the grant by Cinnaholic Franchising, LLC, a Georgia limited liability company ("CINNAHOLIC"), to the undersigned of certain rights in connection with the operation of a CINNAHOLIC Bakery and/or the transfer or renewal thereof, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned, individually and collectively, hereby unconditionally release, discharge, and acquit CINNAHOLIC, its past and present subsidiaries and affiliates, and its and their shareholders, owners, directors, officers, managers, members, partners, employees, agents, representatives, successors and assigns, from any and all liabilities, damages, claims, demands, costs, expenses, debts, indemnities, suits, disputes, controversies, actions and causes of action of any kind whatsoever, whether known or unknown, fixed or contingent, regarding or arising out of any prior or existing franchise relationship, development agreement, franchise agreement or any other agreement executed by any of the undersigned and CINNAHOLIC (or any subsidiary or affiliate of CINNAHOLIC), any CINNAHOLIC Bakery (whether currently or previously owned or operated by the undersigned or any of them), or any other prior or existing business relationship between any of the undersigned and CINNAHOLIC (or any subsidiary or affiliate of CINNAHOLIC), which the undersigned or any of them individually or collectively has asserted, may have asserted or could have asserted against CINNAHOLIC (or any of the aforementioned related parties) at any time up to the date of this General Release, including specifically, without limitation, claims arising from contract, written or oral communications, alleged misrepresentations, and acts of negligence, whether active or passive. This General Release shall survive the assignment or termination of any of the franchise agreements or other documents entered into by and between CINNAHOLIC and any of the undersigned. This General Release is not intended as a waiver of those rights of the undersigned which cannot be waived under applicable state franchise laws nor is it intended to relieve CINNAHOLIC or any other person, directly or indirectly, from liability imposed by the Maryland Franchise Registration and Disclosure Law. This General Release shall be governed by and construed in accordance with the laws of the State of Georgia without regard to its conflicts of law provisions.

WITNESS:	___________________________________
___________________________________	By:________________________________
	Name:______________________________
	Title:______________________________
___________________________________	
	___________________________________
	__________________, Individually
	___________________________________
	__________________, Individually

CINNAHOLIC FRANCHISING, LLC
ADDENDUM TO MARKET DEVELOPMENT AGREEMENT
(New York)

The following Addendum modifies and supersedes the Cinnaholic Franchising, LLC Market Development Agreement (the "Agreement") with respect to CINNAHOLIC franchises offered or sold to either a resident of the State of New York or a non-resident who will be operating a CINNAHOLIC franchise in the State of New York pursuant to the General Business Law of the State of New York, Article 33, Sections 680 through 695, as follows:

1. Notwithstanding any provision of the Agreement to the contrary, Franchisor will not make any assignment of the Agreement except to an assignee who, in Franchisor's good faith judgment, is willing and able to assume Franchisor's obligations under the Agreement.

2. Notwithstanding any provision of the Agreement to the contrary, all rights enjoyed by Developer and any causes of action arising in Developer's favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will 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.

3. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the General Business Law of the State of New York are met independently without reference to this Addendum.

4. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Addendum shall govern.

Each of the undersigned hereby acknowledges having read, understood, and executed this Addendum on _______________________, 20____.

FRANCHISOR:	DEVELOPER:
CINNAHOLIC FRANCHISING, LLC	If an Individual:
By:_________________________	
Print Name:__________________	Signature: ____________________________
Title:_______________________	Print Name: ___________________________
	_____________________________________
	By:__________________________________
	Name:_______________________________

CINNAHOLIC FRANCHISING, LLC
ADDENDUM TO MARKET DEVELOPMENT AGREEMENT
(Virginia)

The following Addendum modifies and supersedes the Cinnaholic Franchising, LLC Market Development Agreement (the "Agreement") with respect to CINNAHOLIC franchises offered or sold to either a resident of the State of Virginia or a non-resident who will be operating a CINNAHOLIC franchise in the State of Virginia pursuant to the Virginia State Corporation Commission's Division of Securities and Retail Franchising requirement for us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement, as follows:

1. The first sentence of Section 4 of the Agreement is deleted in its entirety and replaced with the following:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Addendum shall govern.

Each of the undersigned hereby acknowledges having read, understood, and executed this Addendum on _______________________, 20____.

FRANCHISOR:

CINNAHOLIC FRANCHISING, LLC

By:_________________________
Print Name:__________________
Title:_______________________

DEVELOPER:

If an Individual:

Signature: ____________________________
Print Name: __________________________

____

By:__________________________________
Name:________________________________
Title:_________________________________

CINNAHOLIC FRANCHISING, LLC
ADDENDUM TO MARKET DEVELOPMENT AGREEMENT
(Washington)

The following Addendum modifies and supersedes the Cinnaholic Franchising, LLC Market Development Agreement (the "Agreement") with respect to CINNAHOLIC franchises offered or sold to either a resident of the State of Washington or a non-resident who will be operating a CINNAHOLIC franchise in the State of Washington pursuant to the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, as follows:

The first sentence of Section 4 of the Agreement is deleted in its entirety and replaced with the following:

Because the Franchisor has material pre-opening obligations with respect to each franchised business the Franchisee opens under the Market Development Agreement, the state of Washington will require that the franchise fees be released proportionally with respect to each franchised business.

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. The undersigned does hereby acknowledge receipt of this addendum.

Each of the undersigned hereby acknowledges having read, understood, and executed this Addendum on ________________________, 20____.

FRANCHISOR:

CINNAHOLIC FRANCHISING, LLC

By:______________________________
Print Name:_______________________
Title:____________________________

DEVELOPER:

If an Individual:

Signature:___________________________________
Print Name:_________________________________

If other than an Individual:

____

By:____
Name:______________________________________
Title:______________________________________

EXHIBIT C

FRANCHISE AGREEMENT

[SEE ATTACHED]

CINNAHOLIC FRANCHISING, LLC

FRANCHISE AGREEMENT

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CINNAHOLIC FRANCHISING, LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "Agreement") is made and entered into this _____ day of ________________, 20___ (the "Effective Date"), by and between CINNAHOLIC FRANCHISING, LLC, a Georgia Limited Liability Company ("Franchisor") with its principal office at 1567 Mt. Vernon Road, Suite 112 Atlanta, GA 30338, and _____________________, a __________________, with (its principal office) (his/her residence) at _________________________________ ("Franchisee").

W I T N E S S E T H:

WHEREAS, Franchisor at a substantial expenditure of time, effort and money has established a system of developing, opening, operating and promoting casual bakeries specializing in offering custom gourmet cinnamon rolls and other food products and related bakery services under the name "CINNAHOLIC®" ("CINNAHOLIC® Bakeries" or "Bakeries") (the "CINNAHOLIC® System"); and

WHEREAS, the distinguishing features of the CINNAHOLIC® System, include, but are not limited to, the name "CINNAHOLIC®" and all such other trade names, trademarks, service marks, logos, emblems, insignia and signs developed for use with the CINNAHOLIC® System from time to time (collectively, the "Marks"); specially designed fixtures, equipment, facilities, containers, and other items used in serving and dispensing food products; products, methods, procedures, recipes, distinctive food products and the formula and quality standards therefor; and instructional materials and training courses; all of which may be changed, improved and further developed by Franchisor from time to time; and

WHEREAS, Franchisor has acquired knowledge and experience in the composition, distribution, advertising and sale of food products by Bakeries using the CINNAHOLIC® System and with respect to the style of the facilities and signs used by said Bakeries and has successfully established a reputation, demand and goodwill for the products sold by such Bakeries; and

WHEREAS, CINNAHOLIC® Bakeries and the products sold therein have a reputation for quality that has been acquired and is being maintained by requiring all franchisees of the CINNAHOLIC® System to maintain high standards of quality and service; and

WHEREAS, Franchisee recognizes the value and benefits to be derived from utilizing the CINNAHOLIC® System and being associated with Franchisor, the Marks and other distinctive features of the CINNAHOLIC® System, and now desires to obtain a franchise from Franchisor to use the CINNAHOLIC® System and to operate a CINNAHOLIC® Bakery at an approved location, and Franchisor is willing to grant Franchisee the right to operate a CINNAHOLIC® Bakery, all subject to the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the covenants and agreements hereinafter set forth, it is mutually understood, agreed and covenanted as follows:

1. GRANT OF FRANCHISE

During the term of this Agreement, Franchisor hereby grants to Franchisee the non-exclusive right and license, and Franchisee undertakes the obligation, to develop and operate a CINNAHOLIC® Bakery and to use solely in connection therewith, the Marks and the CINNAHOLIC® System in accordance with the terms and conditions of this Agreement only at the Franchised Site, as such term is hereinafter defined. Franchisee agrees to use the Marks and CINNAHOLIC® System, as they are changed, improved and further developed by Franchisor from time to time. Unless otherwise agreed to by Franchisor, Franchisee has 12 months from the Effective Date to complete the initial training as required by Section 14.1 and to commence operation of the Bakery. Franchisee must obtain Franchisor's written approval before commencing operation of the Bakery.

2. **TERM AND RENEWAL**

2.1 Initial Term. Unless terminated earlier in accordance with the terms and conditions set forth herein, this Agreement and the franchise granted hereunder shall have an initial term of 10 years commencing as of the Effective Date (the "Initial Term").

2.2 Renewal. Upon the expiration of the Initial Term, Franchisee shall have the right to renew the franchise granted hereunder for an additional 10 year period provided that all of the following conditions are met:

(i) Franchisee gives Franchisor written notice of its election to renew the franchise not less than six months before the expiration of the Initial Term;

(ii) Franchisee is not, when notice is given, and does not become before the expiration of the Initial Term, in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor or its subsidiaries or affiliates or with any other creditor or supplier of the Bakery or lessor or sublessor of the Franchised Site, and Franchisee shall have fully and faithfully performed all of its obligations under this Agreement and all such other agreements throughout their terms;

(iii) Franchisee shall execute, at Franchisor's option, Franchisor's then-current form of Franchise Agreement, which Franchise Agreement shall supersede in all respects the terms and conditions of this Agreement and may contain terms and conditions substantially different from those set forth herein, including, without limitation, an increase in Royalty Fees or Advertising Fees (as such terms are hereinafter defined); provided, however, the renewal Franchise Agreement shall not provide for any additional renewal rights;

(iv) Franchisee shall pay a renewal fee equal to one-half of the then-current Franchise Fee (as such term is hereinafter defined) charged by Franchisor;

(v) Franchisee shall complete, at its own expense and to Franchisor's satisfaction, all maintenance, refurnishing, renovation, modernizing and remodeling of the Bakery as Franchisor shall reasonably require so as to reflect the current image and standards of CINNAHOLIC® Bakeries;

(vi) Franchisee shall be current in the payment of all obligations to Franchisor and to any of its affiliates and subsidiaries as well as lessors, vendors and suppliers of the Bakery;

(vii) Before renewal, Franchisee and/or Franchisee's supervisory and operational manager(s) shall at Franchisee's expense, attend and successfully complete to Franchisor's reasonable satisfaction any retraining program Franchisor may require;

(viii) Franchisee and its owners execute a general release, in a form satisfactory to Franchisor, of any and all claims it may have against Franchisor, including any affiliates or subsidiaries, and its and their officers, directors, shareholders, managers, members, partners, employees and agents; and

(ix) Franchisee provides Franchisor with evidence that Franchisee has the right to remain in possession of the Franchised Site or to secure and develop a suitable alternative site acceptable to Franchisee for the renewal term.

3. FRANCHISED SITE AND TERRITORY

3.1 Franchised Site. The rights granted to Franchisee hereunder shall be non-exclusive and shall be restricted to the operation of a single CINNAHOLIC® Bakery to be located at the address and location set forth on Exhibit A attached hereto (the "Franchised Site"). During the term of this Agreement, the Franchised Site shall be used exclusively to operate a Bakery. In connection with the execution of any lease or sublease for the Franchised Site, Franchisee must execute, and cause the lessor and/or sublessor of the Franchised Site to execute, the Collateral Assignment of Lease attached to the Market Development Agreement entered into between Franchisor and Franchisee (the "Development Agreement"), in addition to complying with any other obligations and conditions contained in the Development Agreement relating to the lease or sublease of the Franchised Site and the development and construction of the Bakery. The rights granted to Franchisee are for the specific Franchised Site and cannot be transferred to any other location, except with Franchisor's prior written approval.

3.2 Territorial Protection. Franchisor will not establish for itself or grant a franchise to any other party to establish a Bakery within the territory specified on Exhibit A attached hereto (the "Franchise Territory"). Notwithstanding anything herein to the contrary, if any disagreement arises regarding the area comprising the Franchise Territory, then Franchisor's decision as to the definition of the Franchise Territory shall be final and binding. Except as expressly provided in the first sentence of this Section 3.2, Franchisee acknowledges that the franchise granted under this Agreement is non-exclusive and Franchisee has no territorial protection and Franchisee has no right to exclude, control or impose conditions on the location or development of other or future franchises under the Marks, or on any sales or distribution of products under the Marks or other business activities of Franchisor or any other party licensed to use the Marks.

Notwithstanding our or our affiliates' rights to distribute CINNAHOLIC® products through all other channels of commerce other than your Bakery, our affiliates, who control these channels, will pay you, either directly, or through us, compensation on telephone, mail order and e-Commerce sales which originate from customers located in (but not necessarily are delivered to) your Franchised Territory, as follows:

(i) One percent (1%) of Gross Sales, exclusive of any taxes, coupons or discounts, shipping and handling;

(ii) Provided however, that no compensation shall be due if you are not, at the time compensation is to be paid, in full compliance with this Franchise Agreement and the Operations Manuals.

3.3 Reservation of Rights. Franchisor retains the right, in its sole discretion, to:

(i) Establish and operate, and grant to other franchisees or licensees the right to establish and operate, a CINNAHOLIC® Bakery or any other business using the Marks, the

CINNAHOLIC® System or any variation of the Marks and the CINNAHOLIC® System, in any location outside the Franchise Territory, on any terms and conditions that Franchisor deems appropriate;

(ii) Develop, use and franchise anywhere (including within the Franchise Territory) the rights to any trade names, trademarks, service marks, commercial symbols, emblems, signs, slogans, insignia, patents or copyrights not designated by Franchisor as Marks, for use with similar or different franchise systems for the sale of similar or different products or services than those constituting a part of the CINNAHOLIC® System, without granting Franchisee any rights therein;

(iii) Offer, ship, sell and provide products or services identified by the Marks or other trademarks, service marks, commercial symbols or emblems to customers located in the Franchise Territory through any distribution channel or method, including grocery stores, convenience stores, Internet (or any other existing or future form of electronic commerce), and delivery services, irrespective of the proximity to the Bakery without compensation to Franchisee; provided, however, that any such sales will not be made from a CINNAHOLIC® Bakery located in the Franchise Territory;

(iv) Own, acquire, establish and/or operate and license to others to establish and operate CINNAHOLIC® Franchises at destination locations which may be within the Territory, including but not limited to airports, stadiums, schools, and universities, hospitals, malls, shopping center food courts, or kiosks at any such facility;

(v) Own, operate, franchise or license anywhere, even in close proximity to the Bakery licensed hereunder, bakeries of any other type whatsoever operating under marks other than the Marks; and

(vi) Engage in any other activity, action or undertaking that Franchisor is not expressly prohibited from taking under this Agreement.

3.4 Catering and Delivery Services. Franchisor acknowledges and agrees that Franchisee may provide catering and delivery services within a reasonable distance from the Franchised Site not to exceed 10 miles, within or without the Franchise Territory, but solely in connection with providing such catering and delivery services and provided such services are made by ground transportation. Subject to the foregoing maximum mileage restriction, Franchisee may provide catering and delivery services in the exclusive territories of other CINNAHOLIC® franchisees, and other CINNAHOLIC® franchisees may provide the same services in the Franchise Territory.

4. INITIAL FRANCHISE FEE

Upon the execution of this Agreement, Franchisee shall pay to Franchisor an Initial Franchise Fee in an amount set forth on Exhibit A (the "Franchise Fee"). In the event the Development Agreement requires the payment of a development fee by Franchisee to Franchisor, there shall be credited toward the payment of the Franchise Fee all or a portion of those development fees in the manner and to the extent provided for in the Development Agreement. Franchisee acknowledges and agrees that the Franchise Fee is paid as consideration for Franchisor granting Franchisee the right to develop, open and operate the Bakery using the Marks and the CINNAHOLIC® System and that the Franchise Fee is fully earned by Franchisor at the time this Agreement is executed, and the Franchise Fee shall not be refundable for any reason.

5. ROYALTY FEE; METHOD OF PAYMENT; LATE PAYMENT

5.1 Royalty Fee. In addition to all other amounts required to be paid hereunder, during the term hereof, Franchisee agrees to pay to Franchisor for the rights granted hereunder a royalty fee equal to 5% of the Gross Sales (as such term is hereinafter defined) of the Bakery (the "Royalty Fee"). Payment of the Royalty Fee shall be made on or before Tuesday of each week for Gross Sales of the Bakery for the preceding week. Franchisee acknowledges and agrees that in the event Franchisee is in default of this Agreement for failure to comply with any of the operational standards or specifications set forth in the Operations Manual (as defined in Section 7 of this Agreement) or failure to adhere to the obligations set forth in Section 9 of this Agreement, Franchisor may increase the Royalty Fee to 10% of Gross Sales and impose a surcharge of $250 per week or pro rata portion of the week until such time as the defaults are cured.

5.2 Definition of Gross Sales. Gross Sales shall mean the amount of sales of all products and services sold in, on, about or from the Bakery, together with any other revenues derived from the operation of the Bakery, whether by Franchisee or by any other person, whether or not in accordance with the terms hereof, and whether for cash or on a charge, credit, barter or time basis, including, but not limited to, all such sales and services (i) where orders originate and/or are accepted by Franchisee in the Bakery but delivery or performance thereof is made from or at any place other than the Bakery or (ii) pursuant to telephone or other similar orders received or filled at or in the Bakery. For purposes of determining the Royalty Fee and Advertising Fee, there shall be deducted from Gross Sales: (a) the amount of refunds, allowances or discounts to customers (including coupon sales) up to 10% of the Gross Sales, provided the related sales have previously been included in Gross Sales; and (b) the amount of any excise or sales tax levied upon retail sales and paid over to the appropriate governmental authority.

5.3 Automated Bank Draft. Franchisee understands and agrees that Franchisor reserves the right and may require, in its sole discretion, that all Royalty Fees, Advertising Fees, Advertising Cooperative (as defined below) contributions and other fees or contributions required to be paid to Franchisor or any Advertising Cooperative hereunder must be paid by automated bank draft or other reasonable means necessary to ensure payment of such fees are received by Franchisor or the appropriate Advertising Cooperative. Franchisee agrees to comply with Franchisor's payment instructions.

5.4 Late Payments and Insufficient Funds. All overdue payments for Royalty Fees, Advertising Fees and other fees required to be paid hereunder shall bear interest from the date due at the rate specified by Franchisor from time to time, up to the highest rate permitted by the law, but in no event shall such rate exceed 18% per annum. Interest shall accrue on all late payments regardless of whether Franchisor exercises its right to terminate this Agreement as provided for herein. In addition to its right to charge interest as provided herein, Franchisor may charge Franchisee a $100.00 late payment fee for all such overdue payments and a $100.00 insufficient funds fee for each check, automated bank draft payment, or other payment method that is not honored by Franchisee's financial institution. Franchisee acknowledges that Franchisor has the right to set-off amounts Franchisee owes Franchisor against any amounts Franchisor may owe Franchisee.

5.5 Application of Payments. Notwithstanding designation by Franchisee to the contrary, all payments made by Franchisee hereunder will be applied by Franchisor at its discretion to any of Franchisee's past due indebtedness.

6. **RECORDS, REPORTS AND AUDITS**

6.1 Bookkeeping and Recordkeeping. Franchisee agrees to establish a bookkeeping and recordkeeping system conforming to the requirements prescribed from time to time by Franchisor, relating, without limitation, to the use and retention of daily sales slips, coupons, purchase orders, purchase invoices, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, payroll records, journals, and general ledgers. In establishing and maintaining Franchisee's bookkeeping and recordkeeping system, Franchisee shall use all form documents established by Franchisor in the Operations Manual (as defined below) or otherwise. Franchisee acknowledges and agrees that if Franchisor is required or permitted by statute, rule, regulation or any other legal requirement to disclose any information regarding Franchisee or the operation of the Bakery, including, without limitation, earnings or other financial information, Franchisor shall be entitled to disclose such information. In addition, Franchisee hereby expressly permits Franchisor to disclose any such information to potential purchasers (and their employees, agents, and representatives) of Franchisor in connection with the sale or transfer of any equity interests or assets of Franchisor or any merger, reorganization or similar restructuring of Franchisor.

6.2 Reporting. Franchisee must provide Franchisor with those financial reports required by Franchisor from time to time. All such reports shall be prepared (i) using any form documents established by Franchisor as set forth in the Operations Manual or otherwise and (ii) in accordance with the generally accepted accounting principles of the United States, to the extent applicable. Franchisee's current reporting obligations include the following:

(i) A statement of relevant Gross Sales in the form required by Franchisor to be delivered with each payment of the Royalty Fee and Advertising Fee no later than 5:00 p.m. on each Tuesday;

(ii) A monthly unaudited balance sheet and profit and loss statement in a form satisfactory to Franchisor covering Franchisee's business for the prior month and fiscal year to date, all of which shall be certified by Franchisee as true and correct and delivered to Franchisor no later than the 21st day of each month;

(iii) Annual financial statements compiled or reviewed by an independent certified public accountant in a form satisfactory to Franchisor, which shall include a statement of income and retained earnings, a statement of cash flows, and a balance sheet of Franchisee, all for the fiscal year then ended. If Franchisee does not, in the ordinary course, obtain financial statements compiled or reviewed by an independent certified public accountant, then Franchisee may provide internally prepared financial statements which shall be certified as true and correct by Franchisee or Franchisee's principal executive officer or chief financial officer if Franchisee is a partnership, corporation or limited liability company. Franchisor shall have the right at any time to require audited annual statements to be provided to it, at Franchisee's expense;

(iv) An annual copy of Franchisee's signed 1120 or 1120S tax form (including all supporting schedules) as filed with the Internal Revenue Service (or any forms which take the place of those forms), and all other federal, state and local sales and use and income tax reports Franchisee is required to file, all to be delivered within 30 days after filing;

(v) A statement of local advertising expenditures made pursuant to Section 11.3 below for each calendar quarter and fiscal year to date, in a form satisfactory to Franchisor, along with invoices documenting such expenditures (if required by Franchisor), to be delivered within 15 days after the end of each calendar quarter;

(vi) Insurance certificates upon the annual renewal of the policies and all health and safety inspection reports; and

(vii) Any other data, information and supporting records reasonably requested by Franchisor, including account login and password information for any delivery service applications, social media sites or other electronic media.

All reports or other information required to be submitted under this Section 6.2 shall be submitted to the attention of Franchisor's franchise department. If any of the reports or other information required to be given to Franchisor in accordance with this Section are not received by Franchisor by the required deadline, Franchisor may charge Franchisee a late submission fee equal to $100.00.

6.3 Audit. Franchisee shall allow representatives of Franchisor to inspect Franchisee's books and records at all reasonable times in order to verify Gross Sales including delivery service income, that Franchisee reports as well as to verify Franchisee's advertising expenditures required by Section 11.3 below and any other matters relating to this Agreement and the operation of the Bakery. Franchisor may require Franchisee to submit to Franchisor, or Franchisor's representatives, copies of Franchisee's books and records for any offsite inspection that Franchisor or Franchisor's representatives conduct to audit the Bakery. If an inspection reveals that Gross Sales of Franchisee have been understated, Franchisee shall immediately pay to Franchisor the amount of Royalty Fees and Advertising Fees overdue, unreported or understated, together with interest as prescribed in Section 5.4 above. All inspections shall be at the expense of Franchisor; provided, however, if the inspection results in a discovery of a discrepancy in the Gross Sales reported by Franchisee of 5% or more, then Franchisee shall pay or reimburse Franchisor for any and all reasonable expenses incurred by Franchisor in connection with the inspection, including, but not limited to, attorneys' and accounting fees and travel expenses, room and board and compensation of Franchisor's employees, as well as interest on the amounts owed at the highest legal rates allowed from the date payment was due.

7. OPERATIONS MANUAL

During the term of this Agreement, Franchisor will loan to Franchisee one copy of, or provide Franchisee with electronic access to, Franchisor's confidential Operations Manual (the "Operations Manual"), which may consist of printed manuals, computerized documents or software, information provided on the internet or an extranet, audiotapes, videotapes, or any other medium Franchisor adopts periodically for use with the CINNAHOLIC® System and designates as part of the Operations Manual. The Operations Manual will contain information and specifications concerning the standards and specifications of the CINNAHOLIC® System, the development and operation of the Bakery and any other information and advice Franchisor may periodically provide to its franchisees. Franchisor may update and change the Operations Manual periodically to reflect changes in the CINNAHOLIC® System and the operating requirements applicable to CINNAHOLIC® Bakeries, and Franchisee expressly agrees to comply with each requirement within such reasonable time as Franchisor may require, or if no time is specified, within 30 days after receiving notification of the requirement. Franchisee shall at all times ensure that its copy of the Operations Manual and any other confidential materials supplied by Franchisor to Franchisee are kept current and up to date. Franchisee must keep any printed Operations Manual in a secure location at the Bakery, and must restrict employee access to the Operations Manual on a need to know basis, and take reasonable steps to prevent unauthorized disclosure or copying of any information in any printed or computerized Operations Manual.

If Franchisor and Franchisee have any disagreement about the most current contents of the Operations Manual, Franchisor's master copy of the Operations Manual will control. Upon the expiration or termination of this Agreement for any reason, Franchisee must return all copies of the Operations Manual to Franchisor, and upon Franchisor's request, certify to Franchisor that Franchisee has not kept any copies in any medium. The Operations Manual is confidential, copyrighted and Franchisor's exclusive property.

Franchisor may impose fines for Franchisee's failure to comply with the Operations Manual. Before any fine may be imposed, Franchisor must first have given Franchisee one written notice of the non-compliance with the Operations Manual; thereafter, any further non-compliance with that specific provision of the Operations Manual shall allow the imposition of a fine. Fines shall be in the amount of $100 to $1000, per violation, per day, as determined in Franchisor's sole discretion. However, Franchisor may elect to provide guidance in the Operations Manual regarding the amount of fines it may levy for given acts of non-compliance. Franchisee must pay any fines levied within ten days of written notice of the fine from Franchisor. If the fine is not paid within that time, Franchisor may cause an electronic funds transfer from Franchisee's bank account for the amount of any fine. Failure to pay any fine within ten days shall be a material default under this Agreement.

8. MODIFICATION AND IMPROVEMENTS TO THE CINNAHOLIC® SYSTEM

8.1 Modification by Franchisor. Franchisee recognizes and agrees that from time to time hereafter, Franchisor may change, modify or improve the CINNAHOLIC® System, including, without limitation, modifications to the Operations Manual, the menu and format, the processes and systems to support the business, the menu items and other product ingredients, the products offered for sale, the required equipment, the signage, the presentation and usage of the Marks, and the adoption and use of new, modified or substituted Marks or other proprietary materials. Franchisee agrees to accept, use and/or display for the purposes of this Agreement any such changes, modifications or improvements to the CINNAHOLIC® System, including, without limitation the adoption of new, modified or substituted Marks, as if they were part of the CINNAHOLIC® System as of the Effective Date, and Franchisee agrees to make such expenditures as such changes, modifications or improvements to the CINNAHOLIC® System may require. For purposes of this Agreement, all references to the CINNAHOLIC® System shall include such future changes, modifications and improvements.

8.2 Modification by Franchisee. If Franchisee develops any new modification, concept, process, improvement or slogan in the operation or promotion of the Bakery or to the CINNAHOLIC® System, the same shall be deemed a work made for hire, and Franchisee shall promptly notify Franchisor of, and provide Franchisor with all necessary information, regarding such modification, concept, process, improvement or slogan, without compensation to Franchisee. Franchisee acknowledges that any such modification, concept, process, improvement or slogan shall become Franchisor's sole and exclusive property and that Franchisor may use or allow other franchisees to use the same in connection with the CINNAHOLIC® System or the operation of CINNAHOLIC® Bakeries, without compensation to Franchisee.

9. OBLIGATIONS OF FRANCHISEE

Franchisee recognizes the mutual benefit to Franchisee, Franchisor and other franchisees of the CINNAHOLIC® System of the uniformity of the appearance, services, products and advertising of the CINNAHOLIC® System and acknowledges and agrees that such uniformities are necessary for the successful operation of CINNAHOLIC® Bakeries. Franchisee also acknowledges and agrees that products and services sold under the Marks and at CINNAHOLIC® Bakeries have a reputation for excellence. This reputation has been developed and maintained by Franchisor, and Franchisee acknowledges and agrees that it is of the utmost importance to Franchisor, Franchisee, and all other franchisees of the CINNAHOLIC® System that such reputation be maintained. To this end, Franchisee covenants and warrants with respect to the operation of the Bakery that Franchisee and its employees and agents will comply with all of the requirements of the CINNAHOLIC® System and the Operations Manual and will throughout the term of this Agreement:

(i) Operate the Bakery and prepare and sell all products and services sold therein in accordance with the specifications, standards, business practices and policies of Franchisor now in effect or hereafter promulgated, and comply with all requirements of Franchisor, the CINNAHOLIC® System and the Operations Manual as they are now or hereafter established, including, without limitation, any health, sanitation and cleanliness standards and specifications. Franchisor and its duly authorized representatives shall have the right, if they so elect, at all reasonable times, to enter and inspect the Bakery to ensure that Franchisee is complying with such specifications, standards, business practices, policies and requirements and to test any and all equipment, systems, products and ingredients used in connection with the operation of the Bakery. If Franchisee in any way shall fail to maintain the standards of quality for the products and services as established by Franchisor from time to time, Franchisor shall notify Franchisee in writing of the failure and give Franchisee 10 days in which to cure such failure. If Franchisee fails to cure such failure within such 10 day period, Franchisor shall, in addition to any other remedy available to it, have the right to assign to the Bakery such persons as it deems necessary for the training of Franchisee's employees to ensure that the standards of quality for the products and services are maintained. Franchisee shall reimburse Franchisor for all costs associated with providing such personnel, including costs of transportation, meals, lodging, salaries, wages and other compensation (including fringe benefits).

(ii) Maintain at all times, at its expense, the Bakery and its machinery, equipment, fixtures, furnishings, furniture, décor, premises, parking areas, landscape areas, if any, and interior and exterior signs in an excellent, clean, attractive and safe condition in conformity with the Operations Manual and Franchisor's high standards and public image. Franchisee shall promptly make all repairs and replacements thereto as may be required to keep the Bakery in the highest degree of sanitation, repair and condition and to maintain maximum efficiency and productivity. However, Franchisee shall not undertake any alterations or additions (but may perform maintenance and make repairs) to the buildings, equipment, premises or parking areas associated with the Bakery without the prior written approval of Franchisor. If Franchisor changes its image or standards of operation with respect to the Bakery, Franchisee expressly agrees to comply with each change within such reasonable time as Franchisor may require, or if no time is specified, within 30 days after receiving notification of the change. Franchisee shall also maintain maintenance contracts and/or service contracts on all equipment and machinery designated by Franchisor and Franchisor shall have the right to designate the vendor(s) for such contracts and the requirements for the contracts.

(iii) Comply with all applicable laws, rules, ordinances and regulations that affect or otherwise concern the Bakery or the Franchised Site, including, without limitation, zoning, disability access, signage, fire and safety, fictitious name registrations, sales tax registration, and health and sanitation. Franchisee will be solely responsible for obtaining any and all licenses and permits required to operate the Bakery. Franchisee must keep copies of all health, fire, building occupancy and similar inspection reports on file and available for Franchisor to review. Franchisee must immediately forward to Franchisor any inspection reports or correspondence stating that Franchisee is not in compliance with any such laws, rules, ordinances and regulations.

(iv) Maintain sufficient inventories and employ sufficient employees to operate the Bakery at its maximum capacity and efficiency at such hours or days as Franchisor shall designate or approve in the Operations Manual or otherwise, and operate the Bakery for such hours or days so designated or approved by Franchisor.

(v) Require all employees of the Bakery to wear uniforms and abide by the dress guidelines conforming to the specifications and standards Franchisor may from time to time designate in the Operations Manual or otherwise.

(vi) Require all employees of the Bakery to conduct themselves at all times in a competent and courteous manner and use best efforts to ensure that its employees maintain a neat and clean appearance and render competent, sober and courteous service to patrons of the Bakery. Franchisor shall have no control over Franchisee's employees, including, without limitation, work hours, wages, hiring or firing.

(vii) Use only those ingredients, products, supplies, furnishings and equipment that (a) conform to the standards and specifications designated by Franchisor in the Operations Manual or otherwise, and (b) are purchased from suppliers designated or approved in writing by Franchisor. Franchisor may designate at any time and for any reason, a single or multiple suppliers for ingredients, products, supplies, furnishings and equipment and require Franchisee to purchase exclusively from such designated supplier or suppliers, which exclusive designated supplier(s) may be Franchisor or an affiliate of Franchisor. If Franchisor designates itself as a supplier, Franchisor has the right to earn a profit on any items it supplies. Franchisor and its affiliates may receive payments, discounts or other consideration from suppliers in consideration of such suppliers' dealings with Franchisee and/or the system of CINNAHOLIC® franchisees, and may use all amounts received by it without restriction. Franchisor is not required to give Franchisee an accounting of supplier payments or to share the benefit of supplier payments with Franchisee or other CINNAHOLIC® franchisees.

(viii) If Franchisee desires to purchase any ingredients, products, supplies, furnishings and equipment from suppliers other than those previously approved by Franchisor and such items have not been designated by Franchisor to be exclusively supplied by a designated supplier(s), Franchisee shall first submit to Franchisor a written request for authorization to purchase such items, together with such information and samples as Franchisor may require. Franchisor shall have the right to require periodically that its representatives be permitted to inspect such items and/or supplies' facilities, and that samples from the proposed suppliers, or of the proposed items, be delivered for evaluation and testing either to Franchisor or to an independent testing facility designated by Franchisor. Permission for such inspections shall be a condition of the initial and continuing approval of such supplier, manufacturer or distributor. A charge not to exceed the reasonable cost of the evaluation and testing shall be paid by Franchisee. Franchisor shall, within 90 days after its receipt of such request and completion of such evaluation and testing (if required by Franchisor), notify Franchisee in writing of its approval or disapproval. Franchisor may deny such approval for any reason, including its determination to limit the number of approved suppliers. The provisions above shall only apply if Franchisor has not designated a supplier or suppliers.

(ix) Prominently display at the Bakery and the Franchised Site signs using the name "CINNAHOLIC®," and/or other signs, of such nature, form, color, number, location and size, and containing such material as Franchisor may from time to time reasonably direct or approve in writing; and not display in the Bakery or on the Franchised Site or elsewhere any sign or advertising media of any kind to which Franchisor reasonably objects. Franchisor or its authorized representatives may at any time during normal business hours enter the Bakery or the Franchised Site and remove any objectionable signs or advertising media.

(x) Use Franchisee's best and continuing efforts to fully promote and develop the Bakery and use the Franchised Site only for the purposes designated in this Agreement and avoid any activities that would conflict or interfere with or be detrimental to such purposes.

(xi) Sell only those products and services from the Bakery specified by Franchisor from time to time in the Operations Manual or otherwise, and refrain from maintaining or using vending machines, video game machines, telephone booths, or entertainment devices not included in the CINNAHOLIC® System, unless approved in writing by Franchisor.

(xii) Refrain from deviating from the formulas, recipes or specifications of materials and ingredients of food as specified by Franchisor, without the prior written consent of Franchisor, and adhere to the menu and all changes, alterations, additions and subtractions thereof, thereto or therefrom as specified by Franchisor from time to time and follow all specifications of Franchisor as to the uniformity of products and weight, quality and quantity of unit products served and sold, and serve and sell only such menu items as are designated by Franchisor. Franchisee shall not sell any additional food and/or drink items or any other merchandise of any kind without the prior written approval of Franchisor.

(xiii) For carry-out orders, serve all products in such printed paper containers, boxes, wrappers, trays, soft drink cups and carry-out bags that conform to the standards and specifications designated by Franchisor in the Operations Manual or otherwise.

(xiv) Make no physical changes from blueprint specifications or approved remodeling plans in connection with the premises constituting the Bakery on the Franchised Site, or the design thereof, or any of the materials used therein, or their colors, without the express written approval of Franchisor, except that Franchisee will, upon request of the Franchisor, make such reasonable alterations to the Bakery or premises as may be necessary to conform to the then-current marketing and operating standards and specifications of CINNAHOLIC®. Franchisee will paint the Bakery (interior or exterior) at such intervals as Franchisor may reasonably determine to be advisable, which determination shall in no event be more than once in any calendar year, using paints which will be in accordance with specifications given by Franchisor.

(xv) Ensure that an individual who has completed the initial training program described in Section 14.1 below is at the Bakery at all times during normal business hours as established by Franchisor from time to time.

(xvi) Participate in all national, regional or local advertising and promotional activities Franchisor requires. Franchisee understands that Franchisor implements promotions such as discount coupons, certificates, frequent customer cards, special menu promotions, gift cards and other activities intended to enhance customer awareness and build traffic at CINNAHOLIC® Bakeries on a national, regional or local level. Franchisor may establish procedures and regulations related to these promotions in the Operations Manual and Franchisee agrees to honor and participate in these programs in accordance with such procedures and regulations specified by Franchisor in the Operations Manual or otherwise in writing. Franchisee understands that its participation in these programs is essential to its success and that its participation may entail some cost to Franchisee. Franchisee agrees that Franchisor has no obligation to reimburse Franchisee for any costs it incurs due to its mandatory participation in these special promotional programs.

(xvii) Without limiting any of Franchisee's other obligations under this Agreement, at the request of Franchisor, but not more often than once every 5 years, unless sooner required by Franchisee's lease, Franchisee shall refurbish the premises of the Bakery at its expense, to conform to the Bakery, trade dress, color schemes and presentation of the Marks in a manner consistent with the then-current image for new Bakeries ("Refurbishments"). Refurbishments may include structural changes, installation of new equipment and signs, remodeling, redecoration and modifications to existing improvements. Refurbishments are intended to be large-scale re-equipping, refurbishing and remodeling of the Bakery, and nothing contained in this Subsection (xvii) of this Agreement will limit Franchisee's other obligations under this Agreement or the Operations Manual.

(xviii) Become a member of any purchasing and/or distribution cooperative(s)/association(s)/program(s) designated by Franchisor and/or established by Franchisor for the CINNAHOLIC® System, remain a member in good standing thereof throughout the term of this Agreement and pay all membership fees or fees on purchases that are assessed by such purchasing and/or distribution cooperative(s)/association(s)/program(s).

(xix) As required by Franchisor, maintain a contract(s) with, or participate in any Franchisor contract(s), with any third-party(ies) offering customer service, shopper experience, food safety or other service programs designed to audit, survey, evaluate or inspect business operations. Franchisee understands that Franchisor has the right to specify the third party(ies) and the required level of participation in such programs and Franchisee will bear the cost.

10. TECHNOLOGY SYSTEMS AND WEBSITE

10.1 Point of Sale System. Franchisee, at its expense, must purchase and use a computerized cash collection and data processing system (the "POS System") that meets the standards and specifications provided by Franchisor from time to time in the Operations Manual or otherwise. Franchisee must enter all sales and other information Franchisor requires in the POS System. Franchisor may periodically require Franchisee, at its expense, to upgrade or update the POS System to remain in compliance with the standards and specifications required by Franchisor. Franchisee, at its expense, must maintain the POS System in good working order and connected to any telephone system or computer network that Franchisor requires. Franchisor may require Franchisee, at its expense, to configure and connect the POS System to Franchisor's systems to provide Franchisor with continuous real-time access to all information and data stored on the POS System. Franchisor may require Franchisee to pay Franchisor or its designated third parties reasonable fees to support and upgrade the POS System and a reasonable fee to Franchisor or its designated third party for polling or collecting data from the POS System. In addition to the POS System, Franchisee, at its expense, must equip the Bakery with the computer hardware and software that Franchisor specifies periodically and maintain access to the Internet or other computer network(s) that Franchisor specifies. In addition, Franchisee, at its expense, must also apply for and maintain other credit card, debit card or other non-cash payment systems that Franchisor periodically requires. Franchisor may require Franchisee to maintain support service contracts and/or maintenance service contracts and implement and periodically make upgrades and changes to the POS System, computer hardware and software, and credit card, debit card or other non-cash payment systems. Franchisor shall have the right to designate the vendor(s) for such support service contracts and maintenance service contracts.

10.2 Website. Franchisor currently operates a website related to the CINNAHOLIC® System at *www.cinnaholic.com* (the "Website"). Franchisor shall have the right to designate a successor Website. Subject to the terms of this Agreement, during the term hereof, Franchisor will endeavor to make available to Franchisee a sub-page on the Website that will be located at a sub-domain of the Website to be specified by Franchisor (the "Subpage"). Franchisee will be permitted to upload content onto the Subpage solely to promote, and provide customers information related to, the Bakery operated by Franchisee. Franchisee shall only upload content onto the Subpage in accordance with terms of this Agreement as well as any guidelines, directives or specifications (collectively, "Subpage Standards") in the Operations Manual. Franchisee understands and agrees that the Subpage may not contain content which references any other Bakery other than the Bakery operated by Franchisee. Franchisee will not upload, publish, display, or otherwise include or use any content on the Subpage without receiving the prior written approval of Franchisor. Accordingly, once the initial content of the Subpage is approved by Franchisor, Franchisee must submit any changes to such content to Franchisor for its prior written approval.

Franchisor's review and approval of the Subpage content shall not be construed as Franchisor's approval, recommendation or endorsement of Franchisee or a representation or warranty by Franchisor that such content is accurate, complete, truthful or correct. Franchisee acknowledges and understands that the registration for the Website domain name is and shall be maintained exclusively in the name of Franchisor or its designee. Franchisee acknowledges Franchisor's or its designee's exclusive right, title and interest in and to the domain name for the Website and further acknowledges that nothing herein shall give it any right, title or interest in such domain name. Franchisee will not, at any time, challenge Franchisor's or its designee's ownership of the Website domain name, challenge the validity of the Website domain name, or impair any right, title or interest of Franchisor or its designee in the Website domain name. Franchisee will assist Franchisor in preserving and protecting Franchisor's or its designee's rights in and to the Website domain name.

Franchisee further acknowledges and agrees that Franchisor may, at any time in its sole discretion, cease to make the Subpage available to Franchisee or the public. Franchisee agrees that Franchisor shall have no liability for failing to make the Subpage available to Franchisee or the public. ADDITIONALLY, TO THE MAXIMUM EXTENT PERMITTED BY LAW, FRANCHISOR HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES (WHETHER EXPRESS, IMPLIED OR STATUTORY) RELATED TO THE AVAILABILITY AND PERFORMANCE OF THE WEBSITE AND THE SUBPAGE, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF NONINFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. TO THE MAXIMUM EXTENT PERMITTED BY LAW, FRANCHISOR SHALL NOT BE LIABLE FOR ANY DIRECT OR INDIRECT DAMAGES (INCLUDING, WITHOUT LIMITATION, ANY CONSEQUENTIAL, PUNITIVE OR INCIDENTAL DAMAGES OR DAMAGES FOR LOST PROFIT OR LOSS OF BUSINESS) RELATED TO THE USE, OPERATION, AVAILABILITY OR FAILURE OF THE WEBSITE OR SUBPAGE. Upon the termination or expiration of this Agreement for any reason or Franchisee's default under this Agreement for any reason, all right of Franchisee to upload content onto, or otherwise use, the Subpage shall immediately cease and Franchisor may cease to make the Subpage available to Franchisee.

Any and all use of social media by Franchisee, along with all digital marketing is subject to Franchisor's prior approval, which approval may be denied in Franchisor's sole discretion. Franchisee shall provide and maintain current information with Franchisor with respect to all social media and digital marketing login identifiers and information, along with current passwords at all time.

11. ADVERTISING

11.1 Grand Opening. Franchisee, at its sole expense, must develop and implement a grand opening promotion approved by Franchisor to introduce or (if Franchisee is purchasing an existing Bakery) to re-introduce the Bakery to the public during the period that is 30 days prior and 60 days after the opening of the Bakery or 60 days after the transfer of the Bakery (if Franchisee is purchasing an existing Bakery). Franchisee is required to spend a minimum of $5,000 for the grand opening promotion. $1,500 to $2,000 (of the $5,000) must be spent on a public relations vendor of our choice or approval. To the extent Franchisor has developed or approved marketing or advertising programs and materials for the Bakery's grand opening, Franchisee must use such programs and materials. Part of Franchisee's grand opening promotion will include obtaining pre and/or post opening coaching by a vendor designated by Franchisor and the cost of such coaching will count toward Franchisee's required grand opening promotion expenditures required under this Section. FRANCHISEE UNDERSTANDS AND AGREES THAT THE MANDATORY GRAND OPENING PROCESS IS AN INTEGRAL PART OF STARTING THE FRANCHISED UNIT AND THAT FRANCHISEE MUST THEREFORE FAITHFULLY FOLLOW FRANCHISOR'S INSTRUCTIONS IN THIS REGARD.

11.2 Advertising Fund. In addition to all other amounts required to be paid hereunder, during the term hereof, Franchisee must pay to Franchisor, or such other entity designated by Franchisor, an amount based upon Gross Sales to be designated by Franchisor from time to time, in its sole discretion, provided such amount shall not exceed 2% of Gross Sales (the "Advertising Fee"), which amount shall be used by the Advertising Fund (as such term is hereinafter defined). The Advertising Fee shall be the same for all CINNAHOLIC® franchisees. Payment of the Advertising Fee shall be made on or before Tuesday of each week and be based upon Gross Sales of the Bakery for the preceding week. Advertising Fees shall be paid concurrently with the payment of the Royalty Fees.

The Advertising Fee will be expended for the benefit of Franchisor, Franchisee and all other franchisees or users of the CINNAHOLIC® for the production or purchase of such radio, television, print and/or other advertising materials or services as Franchisor deems necessary or appropriate, in its sole discretion, on a national, regional or local basis (the "Advertising Fund"). The expenditure of such funds for advertising is to be under the control of, and in the discretion of, Franchisor at all times, or such other entities designated by Franchisor. Franchisee understands and acknowledges that the Advertising Fund is intended to maximize and support general public recognition, brand identity, sales and patronage of CINNAHOLIC® Bakeries for the benefit of all CINNAHOLIC® Bakeries and that Franchisor undertakes no obligation to ensure that the Advertising Fund benefits each CINNAHOLIC® Bakery in proportion to its respective contributions. Franchisor agrees that all funds contributed to the Advertising Fund may be used to meet any and all costs (including, without limitation, reasonable salaries and overhead incurred by Franchisor) of maintaining, administering, directing and preparing national, regional or local advertising materials, programs and public relations activities including, without limitation, the costs of preparing and conducting television, radio, magazine, billboard, newspaper, direct response literature, direct mailings, brochures, collateral advertising material, implementing websites for Franchisor and/or its franchises, surveys of advertising effectiveness and other media programs and activities, employing advertising agencies to assist therewith and providing promotional brochures, decals and other marketing materials.

The Advertising Fund shall be established as a separate banking account and monies received shall be accounted for separately from Franchisor's other funds and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration or direction of the Advertising Fund and its advertising programs (including, without limitation, conducting market research, preparing advertising and promotional materials, collecting and accounting for contributions to the Advertising Fund, paying for the preparation and distribution of financial statements, legal and accounting fees and expenses, taxes, and other reasonable direct and indirect expenses incurred by Franchisor or its authorized representatives in connection with programs funded by the Advertising Fund). The Advertising Fund will not be Franchisor's asset. A financial statement of the operations of the Advertising Fund shall be prepared annually, and shall be made available to Franchisee upon request. Franchisor may spend in any fiscal year more or less than the aggregate contribution of all CINNAHOLIC® Bakeries to the Advertising Fund in that year, and the Advertising Fund may borrow from Franchisor or others to cover deficits or invest any surplus for future use. Any lender loaning money to the Advertising Fund shall receive interest at a reasonable rate. All interest earned on monies contributed to the Advertising Fund will be used to pay advertising costs before other assets of the Advertising Fund are expended. Franchisor may cause the Advertising Fund to be incorporated or operated through a separate entity at such time as Franchisor may deem appropriate, and such successor entity, if established, will have all rights and duties specified in this Section. Franchisor will not be liable for any act or omission with respect to the Advertising Fund that is consistent with this Agreement and done in good faith. Except as expressly provided in this Section 11.2, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of the Advertising Fund. Franchisee acknowledges and agrees that Franchisor is not operating or acting as a trustee or fiduciary with respect to the Advertising Fees collected. Franchisee agrees to participate in any promotion, marketing or advertising campaigns created by the Advertising Fund. Franchisor may reduce contributions of franchises to the Advertising Fund and upon notice to Franchisee, reduce the Advertising Fund's operation or terminate the Advertising Fund and distribute unspent monies to those contributing franchisees in proportion to their contributions in the past.

11.3 Local Advertising. Franchisee agrees that, in addition to the payment of the Advertising Fee and any amounts required under Section 11.1 hereof, it will spend a reasonable amount each calendar quarter for local market advertising but in no event less than 2% of Gross Sales per calendar quarter. The amount of advertising funds expended by Franchisee for individual local market advertising shall be determined by Franchisee, subject to the foregoing minimum requirement. Local advertising expenditures shall not include incentive programs, including, without limitation, costs of honoring coupons, food costs incurred in honoring sales promotions, salaries, contributions, donations, press parties, in-store fixtures or equipment, menus, serving guides and nutritional facts, yellow page advertising and exterior or interior signage. If Franchisee fails to make advertising expenditures in accordance with this Section, Franchisor shall have the right to spend an amount not to exceed 2% of the Gross Sales of the Bakery on local advertising on behalf of Franchisee, and Franchisee must reimburse Franchisor for such expenses. Failure to comply with this Section shall be deemed a material breach of this Agreement.

11.4 Advertising Cooperatives. In connection with the Bakery and any and all other CINNAHOLIC® Bakeries owned or operated by Franchisee, Franchisee shall participate, if required by Franchisor, in any local, regional or national cooperative advertising group, consisting of other franchisees of CINNAHOLIC® Bakeries, when and if any such groups are created (each, an "Advertising Cooperative"). The particular Advertising Cooperative(s) in which Franchisee may be required to participate shall be designated by Franchisor in its sole discretion (which designations may be based upon, without limitation, the particular Designated Market Area or the Area of Dominant Influence, as those terms are used in the advertising industry, where the CINNAHOLIC® Bakeries operated by Franchisee are located). Franchisee's payments to any Advertising Cooperative shall be determined by Franchisee and those other franchisees of the CINNAHOLIC® System and/or Franchisor, as the case may be, who are participants in such Advertising Cooperative, as set forth in the by-laws of that Advertising Cooperative or membership, dues, participation or other payment agreements of such Advertising Cooperative. Franchisee, however, may not be required to spend more than 2% of Gross Sales per annum in connection with any Advertising Cooperative. Amounts paid to an Advertising Cooperative shall be credited against payments Franchisee is otherwise required to make for local advertising as required by Section 11.3 above. Any payments to an Advertising Cooperative shall be in addition to the amounts required to be paid or spent under Sections 11.1 and 11.2 hereof. Franchisee shall enter into such formal agreements with such other franchisees of the CINNAHOLIC® System and/or Franchisor, as the case may be, as shall be necessary or appropriate to accomplish the foregoing and Franchisee shall abide by such formal agreements and decisions that the Advertising Cooperative is authorized by Franchisor to make related to advertising and marketing in the area covered by the Advertising Cooperative. If Franchisee becomes delinquent in its dues or other payments to the Advertising Cooperative or fails to abide by any formal agreements or authorized decisions of the Advertising Cooperative, such delinquency or failure shall be deemed a failure to participate in the Advertising Cooperative and a material breach of this Agreement. Franchisor may upon 30 days' written notice to Franchisee suspend or terminate an Advertising Cooperative's program or operations. As a member, officer or director of an Advertising Cooperative, at the request of Franchisor, Franchisee shall provide to Franchisor all information requested by Franchisor related to such Advertising Cooperative and Franchisee shall have the obligation to provide such information within 10 days after Franchisor's request to Franchisee.

11.5 Approval of Advertising. Any and all advertising and marketing materials (whether developed in connection with an Advertising Cooperative or otherwise) not prepared or previously approved by Franchisor shall be submitted to Franchisor at least two weeks before any publication or run date for approval, which may be arbitrarily withheld. Franchisor may grant or withhold its approval, in its sole discretion. Franchisor will provide Franchisee with written notification of its approval or disapproval within a reasonable time. In the event Franchisor does not notify Franchisee of its approval or disapproval within 10 days of Franchisor's receipt of the materials, the materials shall be deemed approved. Franchisee must discontinue the use of any approved advertising within five days of Franchisee's receipt of Franchisor's request to do so. No digital marketing, advertising or promotion by Franchisee shall be conducted on or through the Internet/world wide web or other electronic transmission via computer without express prior written approval by Franchisor, including all social media sites. Franchisee shall monitor and control its employees so they make no social media postings using the Marks without obtaining Franchisor's prior written approval. Franchisee understands and agrees that franchisee's compliance with Franchisor's social media policies and controls is essential to maintenance of the CINNAHOLIC® brand. Without limiting the generality of the foregoing, Franchisee, without the express prior written approval of Franchisor, shall not operate, or permit to be operated on its behalf, any internet or world wide web site or page which incorporates any of the Marks or otherwise promotes the Bakery. All advertising and promotion by Franchisee must be factually accurate and shall not detrimentally affect the Marks or the CINNAHOLIC® System, as determined in Franchisor's sole discretion.

12. COUNSELING AND ADVISORY SERVICES AND ONSITE ASSISTANCE

During the term of this Agreement, Franchisor may, in its sole discretion, upon the request of Franchisee, furnish counseling and advisory services to Franchisee with respect to the opening and operation of the Bakery, including consultation and advice regarding the following: (i) equipment selection and layout; (ii) employee selection and training; (iii) advertising and promotion; (iv) recipes, food, formulas and specifications; (v) bookkeeping and accounting; (vi) purchasing and inventory control; (vii) operational problems and procedures; (viii) periodic inspections; and (ix) new developments and improvements to the CINNAHOLIC® System. These counseling and advisory services shall occur at Franchisor's offices or via telephone or e-mail. Franchisor shall provide such assistance at no expense to Franchisee; provided, however, Franchisor reserves the right, in its sole discretion, to charge Franchisee a reasonable fee for unusual, extensive or extraordinary assistance requested by Franchisee and/or require Franchisee to reimburse Franchisor for expenses incurred by it in connection with providing such counseling and advisory services. In addition, if requested by Franchisee and Franchisor's personnel are available, Franchisor may provide onsite assistance and training at the Bakery, however, Franchisor reserves the right to charge a reasonable fee for this onsite assistance plus expenses and costs incurred by Franchisor in rendering such assistance. In no event shall Franchisor be liable to Franchisee in connection with providing or failing to provide such services.

13. OPENING ASSISTANCE

Before opening the Bakery, Franchisee shall comply with (i) all of Franchisor's pre-opening, development, construction and training requirements and checklists, and (ii) all other opening requirements set forth in this Agreement, the Operations Manual and/or elsewhere in writing by Franchisor ("Opening Requirements"). Upon satisfactory completion of the Opening Requirements, Franchisor shall provide Franchisee with an opening person(s) to assist in the opening of the Bakery and the training of Franchisee's employees. The opening person(s) will remain at the Bakery for such length of time as Franchisor shall deem necessary. Franchisor shall provide any opening person(s) at no charge to Franchisee; provided, however, Franchisor reserves the right, in its sole discretion, to charge Franchisee for extraordinary travel and living expenses incurred by any opening person(s) in connection with providing opening assistance. In the event Franchisee needs and requests additional opening assistance from Franchisor's personnel, and Franchisor approves that request, Franchisee will pay all costs and expenses of such personnel, for as long as any such additional personnel assist at the Bakery. The costs and expenses associated with this assistance include, but are not limited to, wages, salary, transportation, meals, lodging and fringe benefits. All personnel provided under this Section shall be selected by Franchisor and is subject to change or removal by Franchisor in its sole discretion. Franchisee must obtain written approval by Franchisor before opening the Bakery. Franchisor shall have no obligation to approve the opening of the Bakery if (a) Franchisee has not satisfied, as determined by Franchisor, all the Opening Requirements and other requirements under this Agreement, or (b) Franchisee or any of its affiliates are in default under any agreement with Franchisor.

14. TRAINING

14.1 Initial Training. The Bakery must have two persons that (i) are designated by Franchisee to assume primary responsibility for managing the Bakery and (ii) will devote full time and best efforts to the management and operation of the Bakery (the "Managers"). Franchisee will inform Franchisor in writing as to the identity of the Managers, including all additions to and successors. As and when required by Franchisor, the Managers must attend and successfully complete to the satisfaction of Franchisor an initial management training program specified by Franchisor or a comparable training program approved in advance by Franchisor in its sole discretion. Each Manager required to complete the initial training program must successfully complete it before the Bakery may open for business. No fee will be charged by Franchisor for the participation of up to two Managers in the training program, however, the Franchisee shall be responsible for the costs and expenses (such as transportation, lodging, meals and compensation) of each person who attends the training. During operations hours, a Manager who has successfully completed the initial training program must at all times be at the Bakery. In the event that a Manager ceases active employment at the Bakery, Franchisee must notify Franchisor within 5 days of cessation of the Manager's employment at the Bakery and enroll a qualified replacement in the initial management training program within 30 days of cessation of such Manager's employment. Franchisor, in its sole discretion, reserves the right to waive all or a portion of the training program required under this Section.

14.2 Training of Employees. Franchisee shall implement a training program approved by Franchisor for employees of the Bakery and shall be responsible for the proper training of its employees. Franchisee agrees not to employ any person who fails or refuses to complete Franchisee's training program or is unqualified to perform his or her duties at the Bakery in accordance with the requirements established for the operation of a CINNAHOLIC® Bakery.

14.3 Additional Training. Franchisee and its Managers and employees shall attend and conduct such additional training programs as Franchisor may from time to time reasonably require relating to the operation of the Bakery and the CINNAHOLIC®. Franchisee also may be required to purchase training films or other instructional materials as specified by Franchisor from time to time in the Operations Manual or otherwise.

14.4 Conferences. Franchisor may require Franchisee and/or one or more of the operating managers of the Bakery to attend conferences which may be offered by Franchisor from time to time. Franchisee will be responsible for the travel and living expenses of such persons, and Franchisor may charge a reasonable fee sufficient to cover the costs and expenses of such conferences.

14.5 Requirements to Attend Training. All individuals participating in training programs offered by Franchisor must (i) behave in a professional, non-disruptive, non-harassing and non-discriminatory manner during training, (ii) not be under the influence of any stimulant during training, and (iii) satisfy any other training pre-requisites set forth in the Operations Manual or otherwise. Franchisor has a right to terminate training for any individual that, in Franchisor's judgment, does not satisfy the requirements in this Section and Franchisee must immediately designate a replacement.

15. **MARKS**

15.1 Ownership of the Marks. Franchisee acknowledges and agrees that nothing herein contained shall give Franchisee any right, title or interest in and to the Marks, except the non-exclusive right to use the Marks in connection with the operation of the Bakery under the CINNAHOLIC® System in accordance with the terms of this Agreement. Franchisee also acknowledges and agrees that the Marks and all goodwill now or in the future pertaining to the Marks are the sole and exclusive property of Franchisor and that it shall not raise or cause to be raised any questions concerning, or objections to, the validity or ownership of the Marks on any grounds whatsoever. Franchisee will not seek to register, re-register or assert claim to or ownership of, or otherwise appropriate to itself, any of the Marks or any marks or names confusingly similar to the Marks, or the goodwill symbolized by the Marks except insofar as such action inures to the benefit of and has the prior written approval of Franchisor. Upon the expiration, termination or cancellation of this Agreement, whether by lapse of time, default or otherwise, Franchisee agrees immediately to discontinue all use of the Marks and to remove all copies, replicas, reproductions or simulations thereof from the Bakery and to take all necessary steps to assign, transfer or surrender to Franchisor or otherwise place in Franchisor or its designee title to all such names or marks (other than the Marks) which Franchisee may have used during the term of this Agreement or any renewal or extension thereof in connection with the operation of the Bakery. Franchisee hereby acknowledges that Franchisor owns and controls the CINNAHOLIC® System and all of its components.

15.2 Use of the Marks. In order to protect the Marks, the CINNAHOLIC® System, and the goodwill associated therewith, Franchisee shall, unless Franchisor otherwise consents in writing:

(i) Only use the Marks designated by Franchisor, and only in the manner authorized and permitted by Franchisor. Franchisee's right to use the Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights.

(ii) Only use the Marks for the operation of the Bakery and only at the Franchised Site, or in advertising for the business conducted at or from the Franchised Site. Franchisee may not use any of the Marks in any part of any domain name or electronic address or any similar proprietary or common carrier electronic delivery system. Franchisee will not seek to register, or assert any claim of ownership or usage rights to, any domain name or electronic address incorporating any of the Marks or any names confusingly similar to the Marks. Franchisee agrees, at the request of Franchisor, to take all necessary steps to assign to Franchisor all rights in or to such domain names and electronic addresses (and any registrations for the foregoing) that Franchisee may acquire.

(iii) Operate and advertise the Bakery only under the name "CINNAHOLIC®" or such other Marks as Franchisor may designate from time to time, without prefix or suffix, except to describe the location of the Bakery.

(iv) If Franchisee is a corporation, limited liability company, partnership or other type of entity, not use any of the Marks, including, without limitation, the name "CINNAHOLIC®" in its corporate or other legal name without the prior express written consent of Franchisor.

(v) Not permit the use of any trade names, trademarks or service marks at the Bakery or the Franchised Site other than the Marks.

(vi) If state or local laws or ordinances require that Franchisee file an affidavit of doing business under an assumed name or otherwise file a report or other certificate indicating that CINNAHOLIC® or any similar name is being used as a fictitious or assumed name, include in such filing or application therefor an indication that the filing is made as a franchisee of CINNAHOLIC Franchise, LLC, a Georgia limited liability company, Atlanta, Georgia.

(vii) Have the symbol TM, SM or R enclosed in a circle or such other symbols or words as Franchisor may designate to protect the Marks on all surfaces where the Marks appear.

15.3 Infringement. Promptly notify Franchisor of any suspected unauthorized use of the Marks, any challenge to the validity of the Marks, or any challenge to Franchisor's ownership of the right of Franchisor to use and to license others to use, or Franchisee's right to use, the Marks. Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement of the proceeding. Franchisor has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. Franchisor will defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Marks. If Franchisor, in its sole discretion, determines that Franchisee has used the Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, will be borne by Franchisor. If Franchisor, in its sole discretion, determines that Franchisee has not used the Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, will be borne by Franchisee. In the event of any litigation relating to Franchisee's use of the Marks, Franchisee will execute any and all documents and do such acts as may, in the opinion of Franchisor, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Marks in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for its out-of-pocket costs in doing such acts.

15.4 Substitute Marks. If Franchisor decides to change, add or discontinue use of any Mark, or to introduce additional or substitute Marks, Franchisee, upon a reasonable period of time after receipt of written notice, shall take such action, at its sole expense, as is necessary to comply with such changes, alteration, discontinuation, addition or substitution. Franchisor shall have no liability for any loss of revenue or goodwill due to any new Mark or discontinued Mark.

16. RELATIONSHIP OF THE PARTIES

It is the express intention of the parties hereto that Franchisee is and shall be an independent contractor under this Agreement, and no partnership, joint venture, fiduciary relationship or other special relationship shall exist between Franchisee and Franchisor. This Agreement does not constitute Franchisee as the agent, legal representative or employee of Franchisor for any purpose whatsoever, and Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, Franchisor or in any way to bind Franchisor. Franchisee agrees not to incur or contract for any debt or obligation on behalf of the Franchisor, or commit any act, make any representation or advertise in any manner which may adversely affect any right of Franchisor, or be detrimental to the good name and reputation of Franchisor or any other franchisees of Franchisor.

17. MAINTENANCE OF CREDIT STANDING

The failure or repeated delay in making prompt payments in accordance with the terms of invoices and statements rendered to Franchisee for purchases of supplies, equipment and other items, whether purchased from Franchisor or others, or defaults in making payments due hereunder or under any other agreement entered into in connection with the operation of the Bakery, will result in a loss of credit rating and standing which will be detrimental to Franchisor and other franchisees of the CINNAHOLIC® System. Franchisee agrees to pay when due all amounts which it owes to anyone for supplies, equipment and other items used in connection with the Bakery and all payments owed hereunder or under any other agreement entered into in connection with the operation of the Bakery. Franchisee must notify Franchisor immediately when and if Franchisee becomes more than 90 days delinquent in the payment of any of the obligations mentioned above.

18. INDEMNIFICATION, INSURANCE AND TAXES

18.1 Indemnification. Franchisee agrees to indemnify, defend and hold harmless Franchisor and its affiliates, shareholders, directors, officers, employees, agents, successors and assignees (the "Indemnified Parties") against and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages described in this Section, any taxes described in Section 18.3 below and any claims and liabilities directly or indirectly arising out of the Bakery's operation or Franchisee's breach of this Agreement, except to the extent they arise as a result of Franchisor's own gross negligence or willful misconduct. For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigations and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. Franchisor has the exclusive right to defend any such claim. This indemnity will continue in effect after the expiration or termination of this Agreement. Under no circumstances will Franchisor or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate its or their losses and expenses, in order to maintain and recover fully a claim against Franchisee.

18.2 Insurance. Franchisee agrees to secure and maintain during the term of this Agreement, at its own cost, the following insurance policies by carriers approved by Franchisor:

(i) Such insurance as may be required by the terms of any lease for the Franchised Site or, if there is no such lease, Franchisee agrees to carry fire and extended coverage insurance covering the building and all equipment, supplies, products, inventory, furniture, fixtures and other tangible property located in the Bakery or on the Franchised Site in the amount of the full insurable value of such property.

(ii) Commercial General Liability Insurance, including coverages for products-completed operations, contractual liability, personal and advertising injury, fire damage, medical expenses, and dram shop/liquor liability, having a combined single limit for bodily injury and property damage of $1,000,000 per occurrence and $2,000,000 in the aggregate (except for fire damage and medical expense coverages, which may have different limits of not less than $300,000 for one fire and $5,000 for one person, respectively); plus (ii) non-owned automobile liability insurance and, if Franchisee owns, rents or identifies any vehicles with any Mark or vehicles are used in connection with the operation of the Bakery, automobile liability coverage for owned, non-owned, scheduled and hired vehicles having a combined single limit of $1,000,000 per occurrence; plus (iii) excess liability umbrella coverage for the general liability and automobile liability coverages in an amount of not less than $2,000,000 per occurrence and aggregate. All such coverages shall be on an occurrence basis and shall provide for waivers of subrogation.

(iii) Workers' compensation insurance, or a similar policy if the Bakery is located in a non-subscriber state, covering all of its employees as is required by law.

(iv) Adequate limits for comprehensive crime and blanket employee dishonesty insurance.

(v) Business interruption and extra expense insurance for a minimum of six months to cover net profits and continuing expenses (including Royalty Fees).

Franchisee agrees that Franchisor shall be named as an additional insured under each of the foregoing insurance policies. Before the opening of the Bakery and, thereafter, at least 30 days before the expiration of any such policy or policies, Franchisee shall deliver to Franchisor certificates of insurance evidencing the proper coverage with limits not less than those required hereunder, and all such certificates shall expressly contain endorsements requiring the insurance company to give Franchisor at least 30 days written notice in the event of material alteration to termination, non-renewal, or cancellation of, the coverages evidenced by such certificates and notice of any claim filed under such policy within 30 days after the filing of such claim. Franchisor may, from time to time, during the term of this Agreement, at its sole option, require that the minimum limits and types of insurance coverage, as specified above, be increased or changed as determined solely by Franchisor. If Franchisee at any time fails or refuses to maintain any insurance coverage required by Franchisor or to furnish satisfactory evidence thereof, Franchisor, at its option and in addition to its other rights and remedies hereunder, may, but need not, obtain such insurance coverage on behalf of Franchisee, and Franchisee shall pay to Franchisor on demand any premiums incurred by Franchisor in connection therewith. Franchisee's obligation to obtain and maintain, or cause to be obtained and maintained, the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 18.1 hereof. Notwithstanding the existence of such insurance, Franchisee, as agreed above, is and shall be responsible for all loss or damage and contractual liability to third persons originating from or in connection with the operation of the franchised business and for all claims or demands for damages to property or for injury, illness or death of persons directly or indirectly resulting therefrom.

18.3 Taxes. Franchisee shall promptly pay when due all taxes levied or assessed by reason of its operation and performance under this Agreement including, but not limited to, if applicable, state employment tax, state sales tax (including any sales or use tax on equipment purchased or leased) and all other taxes and expenses of operating the Bakery. In no event shall Franchisee permit a tax sale or seizure by levy or execution or similar writ or warrant to occur against the Bakery, the Franchised Site or any tangible personal property used in connection with the operation of the Bakery.

19. ASSIGNMENT

19.1 Assignment by Franchisor. This Agreement may be unilaterally assigned by the Franchisor and shall inure to the benefit of its successors and assigns. Franchisee agrees and affirms that Franchisor may sell itself, its assets, the Marks and/or the CINNAHOLIC® System to a third-party; may go public, may engage in private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. Franchisee further agrees and affirms that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or noncompetitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as CINNAHOLIC® Bakeries operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which Franchisee acknowledges may be proximate to any of its Bakeries. With regard to any of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, the Marks (or any variation thereof) and the CINNAHOLIC® System and/or the loss of association with or identification of CINNAHOLIC FRANCHISING, LLC, under this Agreement. If Franchisor assigns its rights in this Agreement, nothing in this Agreement shall be deemed to require Franchisor to remain in the CINNAHOLIC business or to offer or sell any products or services to Franchisee.

19.2 Assignment by Franchisee. Franchisee shall not subfranchise, sell, assign, transfer, merge, convey or encumber (each, a "Transfer"), the Bakery, the Franchised Site, this Agreement or any of its rights or obligations hereunder, or suffer or permit any such Transfer of the Bakery, the Franchised Site, this Agreement or its rights or obligations hereunder to occur by operation of law or otherwise without the prior express written consent of Franchisor. In addition, if Franchisee is a corporation, limited liability company, partnership, business trust, or similar association or entity, the shareholders, members, partners, beneficiaries, investors or other equity holders, as the case may be, may not Transfer their equity interests in such corporation, limited liability company, partnership, business trust, or similar association or entity, without the prior written consent of Franchisor. Furthermore, in the event that any shareholder, member, partner, investor or other equity holder of Franchisee (the "Equity Holder") is a corporation, limited liability company, partnership, business trust, or similar association or entity, the interests of the shareholders, members, partners, beneficiaries, investors or other equity holders, as the case may be, in such Equity Holder, may not be Transferred, without the prior written consent of Franchisor. Franchisor will not unreasonably withhold consent to a Transfer provided the requirements of Section 19.4 have been satisfied. Any Transfer in violation of this Section shall be void and of no force and effect. In the event Franchisee or an Equity Holder is a corporation, limited liability company, partnership, business trust, or similar association or entity with certificated equity interests, all stock or equity certificates of Franchisee or Equity Holder, as the case may be, shall have conspicuously endorsed upon them a legend in substantially the following form:

> "A transfer of this stock is subject to the terms and conditions of CINNAHOLIC FRANCHISING, LLC FRANCHISE AGREEMENT dated the____ day of _____________________, 20__."

19.3 Death or Disability of Franchisee. Upon Franchisee's death or Disability (as such term is hereinafter defined), this Agreement or the ownership interest of any deceased or disabled shareholder, partner, member or other equity holder of the Franchisee or an Equity Holder must be Transferred to a party approved by Franchisor. Any Transfer, including, without limitation, transfers by devise or inheritance or trust provisions, shall be subject to the same conditions for Transfers set forth in Section 19.4. Franchisor shall not unreasonably withhold its consent to the Transfer of this Agreement or any ownership interest to the deceased or disabled Franchisee's or Equity Holder's spouse, heirs or members of his or her immediate family, provided all requirements of Section 19.4 have been complied with (except payment of the transfer fee, which shall not apply to such Transfers). A "Disability" shall have occurred with respect to Franchisee if Franchisee, or, if Franchisee is a corporation, partnership or limited liability company, its controlling shareholder, partner, member or other equity holder, is unable to actively participate in its activities as Franchisee hereunder for any reason for a continuous period of six months. As used in this Section 19.3, "Franchisee" may include a disabled or deceased controlling shareholder, partner or member where the context so requires.

19.4 Approval of Assignment. Franchisor's approval of any Transfer is, in all cases, contingent upon the following:

(i) the purchaser and/or the controlling persons of the purchaser having a satisfactory credit rating, being of good moral character, having business qualifications satisfactory to Franchisor, being willing to comply with Franchisor's training requirements and being willing to enter into an agreement in writing to assume and perform all of Franchisee's duties and obligations hereunder and/or enter into a new Franchise Agreement, if so requested by Franchisor, and agreeing to enter into any and all agreements with Franchisor that are being required of all new franchisees, including a guaranty agreement, or any other agreement which may require payment of different or increased fees from those paid under this Agreement; provided, however, the amount of the Royalty Fees paid hereunder shall not be increased upon an assignment;

(ii) the terms and conditions of the proposed transfer (including, without limitation, the purchase price) being satisfactory to Franchisor;

(iii) all monetary obligations (whether hereunder or not) of Franchisee to Franchisor or Franchisor's affiliates or subsidiaries being paid in full;

(iv) Franchisee not being in default hereunder or any other agreement between Franchisee and Franchisor, including the Development Agreement;

(v) Franchisee and its owners executing a general release of any and all claims against Franchisor and its affiliates, subsidiaries, members, managers, officers, directors, employees and agents, in a form satisfactory to Franchisor;

(vi) Franchisee paying to Franchisor a transfer fee equal to one-half of the then current Franchise Fee plus reimbursement for all legal, training and other expenses incurred by Franchisor in connection with the Transfer;

(vii) Franchisee first offering to sell such interest to Franchisor pursuant to Section 22.3 of this Agreement and the same having been declined in the manner therein set forth;

(viii) the Marks not being used in any advertising for any Transfer prohibited by Sections 19.2 and 19.3 hereof; and

(ix) at Franchisor's request, the proposed transferee or assignee refurbishes the Bakery in the manner and subject to the provisions described in Section 2.2(v) hereof.

19.5 Removal of General Partner. If Franchisee is a limited partnership, Franchisee may not remove or appoint, or permit the limited partners to remove or appoint, a new or successor general partner without the prior written consent of Franchisor (even if such appointment is due to the resignation, death or disability of the General Partner).

20. RESTRICTIVE COVENANTS

20.1 Covenants Not to Compete.

(i) Non-Competition during Term. In addition to and not in limitation of any other restrictions on Franchisee contained herein, Franchisee and Franchisee's spouse, and, if Franchisee is not an individual, its shareholders, members, partners and managers, as applicable, and their spouses (each, a "Bound Party"), agree that they will not, during the term of this Agreement, directly or indirectly, for and on behalf of itself, himself, herself or any other person or entity, during the term of this Agreement (a) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business (as defined below), regardless of location or (b) perform services as a director, officer, manager, employee, consultant, representative, agent, or otherwise for a Competitive Business, regardless of location.

(ii) Post-Term Non-Competition. In addition to and not in limitation of any other restrictions on Franchisee contained herein, Franchisee and the Bound Parties agree that they will not, for one year following the effective date of termination or expiration of this Agreement for any reason, or following the date of a Transfer by Franchisee, directly or indirectly, for and on behalf of itself, himself, herself or any other person or entity, (a) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business or (b) perform services as a director, officer, manager, employee, consultant, representative, agent, or otherwise for a Competitive Business which, in either case, is located or operating within a five mile radius of any CINNAHOLIC® Bakery.

(iii) General. For purposes of this Agreement, the term "Competitive Business" means any business operating, or granting franchises or licenses to others to operate, a bakery or other food service business (a) engaged in the retail or wholesale production or sale of baked goods (including, but not limited to, cinnamon rolls and other baked goods) and (b) that derives more than 50% of its revenue from sales of cinnamon rolls (other than another CINNAHOLIC® Bakery operated by Franchisee under license from Franchisor). Neither Franchisee nor the other Bound Parties will be prohibited from owning securities in a Competitive Business if they are listed on a stock exchange or traded on the over-the-counter market and represent 5% or less of the number of shares of that class of securities which are issued and outstanding. The parties acknowledge that the covenants contained in Section 20.1 are based on the reason and understanding that Franchisee and the Bound Parties will possess knowledge of Franchisor's business and operating methods and confidential information, disclosure and use of which would prejudice the interest of Franchisor and its Franchisees. Franchisee further understands and acknowledges the difficulty of ascertaining monetary damages and the irreparable harm that would result from breach of these covenants. If any part of this restriction is found to be unreasonable in time or distance, such time or distance may be reduced by appropriate order of the court to that deemed reasonable. Franchisor shall, as a matter of course, receive injunctive relief to enforce such covenants in addition to any other relief to which it may be entitled at law or in equity. Franchisor shall receive such injunctive relief without the necessity of posting bond or other security, such bond or other security being hereby waived.

20.2 Non-Solicitation of Employees. Franchisee and the Bound Parties agree that while this Agreement is in effect and for one year after expiration or termination of this Agreement for any reason, or following the date of a Transfer by Franchisee, they will not, directly or indirectly, solicit or attempt to solicit, or otherwise interfere with or disrupt the employment relationship between Franchisor and any of its employees or between any other CINNAHOLIC® Franchisee and its employees.

20.3 Trade Secrets and Confidential Information.

(i) Franchisee acknowledges and agrees that in connection with the operation of CINNAHOLIC® Bakeries and the CINNAHOLIC® System, Franchisor has developed at a great expense competitively sensitive proprietary and confidential information which are not commonly known by or available to the public. This proprietary and confidential information does not include any information that (a) is commonly known by or available to the public; (b) has been voluntarily disclosed to the public by Franchisor; (c) been independently developed or lawfully obtained by Franchisee; or (d) has otherwise entered the public domain through lawful means. All information which comprises the CINNAHOLIC® System including the information and data in the Operations Manual will be presumed to be confidential information of Franchisor.

(ii) Franchisee and each Bound Party agree that while this Agreement remains in effect such party will not, directly or indirectly, disclose or publish to any party, or copy or use for such party's own benefit, or for the benefit of any other party, any of Franchisor's proprietary or confidential information, except as required to carry out Franchisee's obligations under this Agreement or as Franchisor has otherwise expressly approved in writing. All proprietary and confidential information of Franchisor is the sole and exclusive property of Franchisor. Franchisee and each Bound Party agree that the restriction contained in the preceding sentence will remain in effect with respect to the confidential information for five years following termination or expiration of this Agreement for any reason; provided, however, if the confidential information rises to the level of a trade secret, then such restriction shall remain in effect until such time as the information does not constitute a trade secret. Franchisee also agrees that it and all of its employees and agents will take appropriate steps to protect Franchisor's confidential information from any unauthorized disclosure, copying or use. At any time upon Franchisor's request, and in any event upon termination or expiration of this Agreement, Franchisee will immediately return any copies of documents where there are materials containing confidential information and will take appropriate steps to permanently delete and render unusable any confidential information stored electronically.

20.4 Personal Covenants of Certain Bound Parties. As a condition to the effectiveness of this Agreement, and at the time Franchisee delivers this signed Agreement to Franchisor, each Bound Party of Franchisee must sign and deliver to Franchisor the Personal Covenants attached hereto as Exhibit B (the "Personal Covenants"), agreeing to be bound personally by all the provisions of Sections 20.1, 20.2 and 20.3 hereof. If there are any changes in the identity of any such Bound Party while this Agreement is in effect, Franchisee must notify Franchisor promptly and make sure the new Bound Party signs and delivers to Franchisor the Personal Covenants.

20.5 Agreements by Other Third Parties. As a condition to Franchisor's execution of this Agreement, Franchisee, if requested by Franchisor, shall cause each of its management and supervisory employees and other employees to whom disclosures of confidential information are made to execute a noncompetition, nonsolicitation and/or nondisclosure agreement in the form(s) prescribed by Franchisor from time to time.

20.6 Reasonable Restrictive Covenants. Franchisee acknowledges and agrees that (i) the covenants and restrictions in this Section 20 are reasonable, appropriate and necessary to protect the CINNAHOLIC® System, other CINNAHOLIC® franchisees and the legitimate interest of the Franchisor, and (ii) do not cause undue hardship on Franchisee or any of the other individuals required by this Section 20 to comply with the covenants and restrictions.

21. TERMINATION

21.1 Termination by Franchisee. Franchisee may terminate this Agreement if Franchisee is in substantial compliance with this Agreement and Franchisor materially breaches this Agreement and fails to cure such material breach within 90 days after written notice thereof is delivered to Franchisor. Notwithstanding the foregoing, if the breach is curable but is of a nature which cannot reasonably be cured with such 90 day period and Franchisor has commenced and is continuing to make good faith efforts to cure such breach, Franchisor shall be given an additional 60 day period to cure the same, and this Agreement shall not terminate. In the event of termination by Franchisee, all post-termination obligations of Franchisee described herein shall not be waived but shall be strictly adhered to by Franchisee.

21.2 Termination by Franchisor without a Cure Period. Franchisor may immediately terminate this Agreement upon written notice to Franchisee, without opportunity to cure, if:

(i) Franchisee files a petition under any bankruptcy or reorganization law, becomes insolvent, or has a trustee or receiver appointed by a court of competent jurisdiction for all or any part of its property;

(ii) Following commencement of the operation of the Bakery, Franchisee ceases to operate the Bakery at the Franchised Site;

(iii) Franchisee seeks to effect a plan of liquidation, reorganization, composition or arrangement of its affairs, whether or not the same shall be subsequently approved by a court of competent jurisdiction; it being understood that in no event shall this Agreement or any right or interest hereunder be deemed an asset in any insolvency, receivership, bankruptcy, composition, liquidation, arrangement or reorganization proceeding;

(iv) Franchisee has an involuntary proceeding filed against it under any bankruptcy, reorganization, or similar law and such proceeding is not dismissed within 60 days thereafter;

(v) Franchisee makes a general assignment for the benefit of its creditors;

(vi) Franchisee fails to pay when due any amount owed to Franchisor or its affiliates or subsidiaries, whether under this Agreement or not, and Franchisee does not correct such failure within 10 calendar days after written notice thereof is delivered to Franchisee;

(vii) Franchisee fails to pay when due any amount owed to any creditor, supplier or lessor of the Bakery or the Franchised Site or any taxing authority for federal, state or local taxes (other than amounts being bona fide disputed through appropriate proceedings) and Franchisee does not correct such failure within 10 calendar days after written notice is delivered thereof to Franchisee;

(viii) Franchisee fails to commence operation of the Bakery at the Franchised Site within 14 months after execution of this Agreement, except for any delay that is agreed to in writing by the Franchisor, in its sole discretion;

(ix) Franchisee or any of Franchisee's owners are convicted of or plead no contest to a felony, a crime involving moral turpitude or any other crime or offense that is likely to adversely affect the reputation of the CINNAHOLIC® System and the goodwill associated with the Marks;

(x) Franchisee operates the Bakery or any phase of the franchised business in a manner that presents a health or safety hazard to Franchisee's customers, employees or the public;

(xi) Franchisee makes a material misrepresentation to Franchisor before or after being granted the franchise;

(xii) Franchisee makes an unauthorized Transfer of this Agreement, the franchise, the Bakery, or an ownership interest in Franchisee;

(xiii) Franchisee or any Bound Party or any other employee of Franchisee breaches or fails to comply fully with Section 20 above;

(xiv) Franchisee (a) misuses or makes an unauthorized use of or misappropriates any Mark, (b) commits any act which can be reasonably expected to materially impair the goodwill associated with any Mark, (c) challenges Franchisor's ownership of the Marks, (d) files a lawsuit involving the Marks without Franchisor's consent, or (e) fails to cooperate with Franchisor in the defense of any Mark;

(xv) Franchisee makes or permits a third party to make any unauthorized use or disclosure of any confidential information or trade secret of Franchisor;

(xvi) Franchisee fails to comply with any federal, state or local law or regulation applicable to the operation of the franchise (including any failure to comply with the Anti-Terrorism Laws (as defined below) as set forth in Section 42.2 below);

(xvii) The franchised business or the Franchised Site is seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor, provided that a final judgment against Franchisor remains unsatisfied for 30 days (unless a supersedeas or other appeal bond has been filed), or a levy of execution has been made upon the license granted by this Agreement or any property used in the franchised business, and it is not discharged within five days of such levy;

(xviii) Franchisee loses for any cause whatsoever right of possession as owner or lessee of the real property on which the Bakery is located. (However, if all or a substantial part of the real property on which the Bakery is located is taken by eminent domain proceedings so as to make the Bakery not in compliance with Franchisor's construction specifications or so as to make the Bakery inoperable for the purpose of carrying out the requirements of this Agreement, then Franchisor and Franchisee will agree upon a new location for the Bakery and Franchisee will construct and equip the new Bakery in accordance with the then current construction specifications of Franchisor within 180 days after the designation of such location. All of the terms of this Agreement not specifically modified herein shall apply to the construction, maintenance and operation of such new Bakery);

(xix) Franchisee knowingly maintains false books or records or denies Franchisor's authorized representatives immediate access to Franchisee's books and records during an audit or inspection;

(xx) Franchisee submits to Franchisor a financial report or other data, information or supporting records which understate by more than 5% the Royalty Fees and/or Advertising Fees due for any reporting period and is unable to demonstrate that such understatements resulted from an inadvertent error;

(xxi) Franchisee has received at least three default notices from Franchisor within a 12 month period, even if such default is subject to a right to cure or is cured after notice is delivered to Franchisee; or

(xxii) Franchisee is dissolved either voluntarily or involuntarily.

21.3 Termination by Franchisor with a Cure Period. Franchisor shall have the right to terminate this Agreement upon 30 days written notice if defaults remain uncured in Franchisor's sole discretion for the following reasons. Notwithstanding the foregoing, if the breach is curable but is of a nature which cannot reasonably be cured within such 30 day period and Franchisee has commenced and is continuing to make good faith efforts to cure such breach, Franchisee shall be given an additional 30 day period to cure the same, and this Agreement shall not terminate.

(i) Franchisee fails or refuses to submit financial statements, reports or other operating data, information or supporting records when due;

(ii) Franchisee fails to relocate or commits a default (other than a monetary default which shall be subject to Section 21.2(vii) above) under the lease, sublease, purchase contract or other contract for the Franchised Site, the Bakery or any equipment or supplies utilized in the operation thereof;

(iii) Franchisee fails to provide or maintain required insurance coverage;

(iv) Franchisee fails to restore the Bakery to full operation within a reasonable period of time (not to exceed 90 days) after the Bakery is rendered inoperable by any casualty; or

(v) Franchisee fails to comply with any other provision of this Agreement or any mandatory specification, standard or operating procedure prescribed by Franchisor.

21.4 Management of Bakery by Franchisor. In addition to Franchisor's right to terminate this Agreement, and not in lieu thereof, Franchisor may enter into the Bakery and exercise complete authority with respect to the management thereof until such time as Franchisor shall determine that the default of Franchisee has been cured and that Franchisee is complying with the requirements of this Agreement. Franchisee specifically agrees that a designated representative of Franchisor may take control and manage the Bakery in the event of any such default. If Franchisor assumes the management of the Bakery, Franchisee must pay Franchisor (in lieu of the Royalty Fee) a Management Fee equal to ten percent (10%) of the Bakery's Gross Sales (the "Management Fee") plus reimburse Franchisor for the full compensation paid to such representative, including the cost of all fringe benefits plus any and all expenses reasonably incurred by such representative so long as such representative shall be necessary and in any event until the default has been cured and Franchisee is complying with the terms of this Agreement. Franchisee acknowledges that the Management Fee shall be in addition to the Advertising Fee and any other fees (except the Royalty Fee) required under this Agreement and shall be paid in accordance with the methods of payment set forth in Section 5. If Franchisor assumes the Bakery's management, Franchisee acknowledges that Franchisor will have a duty to utilize only reasonable efforts and will not be liable to Franchisee or its owners for any debts, losses, or obligations the Bakery incurs, or to any of Franchisee's creditors for any supplies or services the Bakery purchases, while Franchisor manages it.

22. EFFECT OF AND OBLIGATIONS UPON TERMINATION

22.1 Liquidated Damages. Franchisee acknowledges and confirms that by granting Franchisee the license to operate the Bakery in the Franchise Territory, Franchisor lost the opportunity to grant a franchise for the Franchise Territory to another person or entity or to itself to own and operate a Bakery within the Franchise Territory. Additionally, Franchisee confirms that Franchisor will suffer substantial damages by virtue of the termination of this Agreement, including, without limitation, lost Royalty Fees, lost market penetration and goodwill in the Franchise Territory, lost opportunity costs and the expense Franchisor will incur in developing another franchise for the Franchise Territory, which damages are impractical and extremely difficult to ascertain and/or calculate accurately, and the proof of which would be burdensome and costly, although such damages are real and meaningful to Franchisor and the CINNAHOLIC® System. Accordingly, in the event that Franchisor terminates this Agreement for Franchisee's default hereunder, Franchisee agrees to pay to Franchisor in a lump sum on the effective date of termination, liquidated damages, which represents a fair and reasonable estimate of Franchisor's foreseeable losses as a result of such termination, and which are not in any way intended to be a penalty, in an amount determined as follows:

(i) the average annual amount of Royalty Fees payable by Franchisee to Franchisor for the two years immediately preceding the date of termination provided, however, if the Bakery has not been open for at least two years, the average monthly amount of Royalty Fees payable by Franchisee to Franchisor for the months in which the Bakery has been open multiplied by 12;

(ii) multiplied by two; however, if the Franchise Agreement term has less than two years remaining, then multiply by the number of years (or portions of a year) remaining in the term.

Franchisee acknowledges that its obligation to pay Franchisor liquidated damages is in addition to, not in lieu of, Franchisee's obligations to pay other amounts due to Franchisor under this Agreement up to the date of termination and to strictly comply with any other post-termination obligations required hereunder. Should any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement limit Franchisee's ability to pay, and Franchisor's ability to receive, such liquidated damages, Franchisee shall be liable to Franchisor for any and all damages which it incurs, now or in the future, as a result of Franchisee's default under this Agreement.

22.2 Obligations upon Termination or Expiration. Upon the termination or expiration of this Agreement, whether by reason of lapse of time, default in performance, abandonment of the Bakery or other cause or contingency, Franchisee shall:

(i) forthwith return to Franchisor all material furnished by Franchisor containing confidential information, operating instructions, business practices, or methods or procedures, including, without limitation, the Operations Manual;

(ii) discontinue at the Franchised Site all use of the Marks, and the use of any and all signs, products, paper goods and other items bearing the Marks. Any signs containing the Marks which

Franchisee is unable to remove within one day of the termination or expiration of this Agreement shall be completely covered by Franchisee until the time of their removal which shall be within 10 days of termination or expiration of this Agreement;

(iii) if Franchisee retains possession of the Franchised Site, at Franchisee's expense, make such reasonable modifications to the exterior and interior décor of the Bakery and the Franchised Site as Franchisor requires to eliminate its identification as a CINNAHOLIC® Bakery and to avoid violation of the non-compete provision;

(iv) refrain from operating or doing business under any name or in any manner that may give the general public the impression that this Agreement is still in force or that Franchisee is connected in any way with Franchisor or that Franchisee has the right to use the CINNAHOLIC® System or the Marks;

(v) refrain from making use of or availing itself to any of the confidential information, Operations Manual or other information received from Franchisor or disclosing or revealing any the same in violation of Section 20.3 hereof;

(vi) take such action as may be required to cancel all assumed names or equivalent registrations relating to the use of any Mark;

(vii) assign to Franchisor or its designee all of Franchisee's rights, title, and interest in the telephone numbers, telephone directory listings and advertisements, website URLs (whether acquired by Franchisee in accordance with or in violation of Section 15.2 hereof), e-mail addresses, store leases and governmental licenses or permits used for the operation of the Bakery. Simultaneously with Franchisee's execution of this Agreement, Franchisee will execute the Internet Web Sites and Listings Agreement attached hereto as Exhibit C and the Telephone Listing Agreement attached hereto as Exhibit D; and

(viii) strictly comply with the terms and conditions of Section 20 above and any other procedures in the Operations Manual that are established by Franchisor related to discontinuing operations of the Bakery.

If Franchisee fails to modify the exterior and interior décor of the Bakery and the Franchised Site as Franchisor requires to eliminate its identification as a CINNAHOLIC® Bakery (including the removal of all signs bearing the Marks), Franchisor may take such action to modify the exterior and interior décor of the Bakery and the Franchised Site and charge Franchisee for cost of such action. Franchisee shall immediately pay Franchisor for the cost of any action taken by Franchisor to modify the exterior and interior décor of the Bakery and the Franchised Site.

22.3 Sale upon Expiration or Termination.

(i) Except in the case of a renewal under Section 2, if this Agreement expires or is terminated or canceled for any reason, Franchisor shall have the option to purchase the Bakery, or a portion of the assets of the Bakery (including fixtures, furniture, equipment and improvements), and which may include at Franchisor's option, all of Franchisee's leasehold interest in and to the real estate upon which the Bakery is located, but not including real property (collectively, the "Assets"), to Franchisor. If Franchisor desires to purchase the Assets but the parties are unable to agree as to a purchase price and terms of such sale, the fair market value of the Assets (to be determined without goodwill or going concern value) shall be determined by three appraisers. Franchisee and Franchisor shall each select one appraiser, and the two appraisers so chosen shall select the third appraiser. The three appraisals shall be averaged to determine the purchase price. Franchisor shall have the right, at any time within 15 days after being advised in writing of the decision of the appraisers as aforesaid, to purchase the Assets at the purchase price as determined above. Each party shall be responsible for the costs and expenses of the appraiser it selected and the cost of the third appraiser shall be shared equally by the parties. Nothing contained in this Section shall be deemed to be a waiver by Franchisor of any default by Franchisee under this Agreement nor shall the exercise of the option to purchase the Assets contained in this Section affect any other rights or remedies granted to Franchisor hereunder or otherwise available to it.

(ii) Notwithstanding the provisions set forth in Section 22.3(i) above, if, within 45 days following the expiration of this Agreement, Franchisee shall receive a bona fide offer for the purchase of the Assets, Franchisee shall offer the same in writing to Franchisor at the same price and on the same terms or the monetary equivalent; which offer Franchisor may accept at any time within 15 days after receipt thereof. If Franchisor declines, or does not within such 15 day period accept, such offer, then Franchisee may sell the Assets to such purchaser, but not at a lower price nor on more favorable terms than have been offered to Franchisor.

(iii) Any sale of the Assets hereunder shall close no later than 60 days after delivery of written notice of Franchisor's exercise of its option is given to Franchisee. Franchisor has the right to assign its option hereunder and Franchisee must sign all documents of transfer reasonably necessary for the purchase of the Assets. All Assets transferred shall be free and clear of all liens and encumbrances, with all sales and transfer taxes paid by the Franchisee. At the closing, Franchisee and its owners shall execute general releases, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its owner, officers, employees, directors, agents, successors, and assigns.

22.4 Effect of Expiration or Termination. Upon the expiration or termination of this Agreement for any reason, any and all rights granted to Franchisee hereunder shall be extinguished immediately, and Franchisee shall not be relieved of any of its obligations, debts or liabilities hereunder. The expiration or termination of this Agreement for any reason will be without prejudice to the rights of Franchisor against Franchisee and will not destroy or diminish the binding force and effect of any of the provisions of this Agreement that expressly, or by reasonable implication, come into or continue in effect on or after the expiration or termination hereof.

23. RIGHT OF FIRST REFUSAL

If during the term of this Agreement, Franchisee shall receive a bona fide offer from a prospective purchaser for any interest in Franchisee or the Bakery (whether by sale of assets, sale of equity interest, merger, consolidation or otherwise), it shall offer the same to Franchisor in writing at the same price and on the same terms or the monetary equivalent; which offer Franchisor may accept at any time within 30 days after receipt thereof. If the parties cannot agree on a reasonable monetary equivalent, an independent appraiser designated by Franchisor shall determine the monetary equivalent and the appraiser's determination will be final. If Franchisor declines, or does not within such 30 day period accept, such offer, then Franchisee may make such Transfer to such purchaser (provided Franchisor approves of such purchaser in accordance with Section 19.2 and subject to compliance with Section 19.4), but not at a lower price nor on more favorable terms than have been offered to Franchisor. If Franchisee fails to complete such Transfer within 90 days following the refusal or failure to act by Franchisor, then Franchisee may not complete such Transfer without first offering the same to Franchisor again as provided above. The parties recognize that the terms of this Section 23 do not apply to a sale and subsequent leaseback of the Franchised Site or any furnishings or equipment used thereon, or any other Transfer of the Franchised Site or the furnishings or equipment thereon in connection with any bona fide financing plan. In no event shall Franchisee offer any interest in this Agreement, or such premises or any interest therein, or any interest in the business conducted thereon, or in the equipment or furnishings located thereon, or in any interest of Franchisee or an Equity Holder for Transfer at public auction, nor at any time shall an offer be made to the public to Transfer the same, through the medium of advertisement, either in the newspapers or otherwise, without having first obtained the written consent of Franchisor to such advertisement or publication.

24. BAKERY CLASSIFICATION

Franchisee shall operate and maintain the Bakery in a manner which will ensure that the Bakery will obtain the highest classification possible for bakeries of like kind from the governmental authorities that inspect bakeries in the area where the Bakery is operated. If Franchisee is not able to obtain such classification, or if Franchisee fails to operate in accordance with the general standards of quality, maintenance, repairs and sanitation required by Franchisor, then Franchisor may, at its option, place such trained personnel in the Bakery as Franchisor deems necessary to train the managerial and operating personnel of the Bakery until the Bakery can obtain the highest classification or meet such general standards. Franchisor's personnel shall remain at the Bakery until the required classification is obtained or until Franchisor, in its sole discretion, decides to remove them. Franchisee shall pay all costs associated with providing such personnel, including costs of transportation, meals, lodging, wages or other compensation, including fringe benefits.

25. OTHER BUSINESS

Franchisee agrees not to carry on or conduct or permit others to carry on or conduct any other business, activity or operation at the Bakery (other than the operation of the Bakery in conformity with this Agreement and the Operations Manual) without first obtaining the written consent of Franchisor.

26. OWNERSHIP OF FRANCHISEE

Attached hereto as Exhibit E is a description of the legal organization of Franchisee (whether a corporation, limited, liability company, partnership or otherwise), the names and addresses of each person or entity owning a 10% or greater interest in Franchisee (the "Principal Owners") and the percentage of such interest owned by such person or entity. Franchisee agrees to notify Franchisor in writing whenever there is any change in the organizational structure or ownership interest of Franchisee as set forth on Exhibit E. At Franchisor's request, Franchisee shall provide to Franchisor a copy of all Franchisee's governing and/or organizational documents and any amendments thereto. Franchisor may require each Principal Owner to execute the Guaranty Agreement attached hereto as Exhibit F.

27. SUCCESSORS AND THIRD PARTY BENEFICIARIES

This Agreement and the covenants, restrictions and limitations contained herein shall be binding upon and shall inure to the benefit of Franchisor and its successors and assigns and shall be binding upon and shall inure to the benefit of Franchisee and its permitted heirs, successors and assigns. Except as contemplated by Section 18.1, nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any person or legal entity not a party hereto. This Agreement is, however, intended to bind the Bound Parties to the extent set forth in this Agreement.

28. CONSTRUCTION

All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, and any other gender, as the context or sense of this Agreement or any provision hereof may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Franchisee, if more than one person is so named. Except where this Agreement expressly obligates Franchisor not to unreasonably withhold its approval of any of Franchisee's actions or requests, Franchisor has the absolute right, in its sole and arbitrary discretion, to refuse any request Franchisee makes or to withhold its approval of any of Franchisee's proposed or effected actions that require Franchisor's approval.

29. INTERPRETATION AND HEADINGS

The parties agree that this Agreement should be interpreted according to its fair meaning. Franchisee waives to the fullest extent possible the application of any rule which would construe ambiguous language against Franchisor as the drafter of this Agreement. The words "include," "includes" and "including" when used in this Agreement will be interpreted as if they were followed by the words "without limitation". References to section numbers and headings will refer to sections of this Agreement unless the context indicates otherwise. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.

30. NOTICES

Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally, by certified, express or registered mail, or by an overnight delivery service (e.g., Federal Express), postage prepaid, addressed to the party to be notified at the respective address first above written, or at such other address or addresses as the parties may from time to time designate in writing. Notices shall be deemed delivered on the date shown on the return receipt or in the delivery service's records as the date of delivery or on the date of first attempted delivery, if actual delivery cannot for any reason be made.

31. GOVERNING LAW AND ENFORCEMENT

31.1 Governing Law. ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ ET SEQ.) EXCEPT TO THE EXTENT PROVIDED BY THE FEDERAL ARBITRATION ACT AS REQUIRED HEREBY, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §1051 ET SEQ.) OR OTHER APPLICABLE FEDERAL LAW, THE TERMS OF THIS AGREEMENT SHALL BE INTERPRETED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF GEORGIA WITHOUT REGARD TO ITS CONFLICTS OF LAWS PROVISIONS; PROVIDED, HOWEVER, THAT THE LAW OF THE STATE IN WHICH THE BAKERY IS LOCATED SHALL APPLY TO THE CONSTRUCTION AND ENFORCEMENT OF THE OBLIGATIONS SET FORTH IN SECTIONS 20.1 AND 20.2 HEREOF, WITHOUT REGARD TO ITS CONFLICTS OF LAWS. FOR ACTIONS THAT ARE NOT SUBJECT TO MANDATORY ARBITRATION UNDER SECTION 31.2, FRANCHISEE HEREBY SUBMITS AND IRREVOCABLY CONSENTS TO THE EXCLUSIVE JURISDICTION OF THE FEDERAL AND STATE COURTS FOR THE DISTRICT WHERE FRANCHISOR'S PRINCIPAL EXECUTIVE OFFICE IS LOCATED ON THE DATE OF THE FILING

OF THE ACTION, AND AGREES NOT TO RAISE AND HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION BASED UPON *FORUM NON CONVENIENS* OR ANY OTHER OBJECTION IT MAY NOW HAVE OR HEREAFTER HAVE TO SUCH JURISDICTION OR VENUE. FURTHER, NOTHING HEREIN CONTAINED SHALL BAR FRANCHISOR'S RIGHT TO OBTAIN INJUNCTIVE RELIEF AGAINST THREATENED CONDUCT THAT WILL CAUSE IRREPARABLE HARM, UNDER THE USUAL EQUITY RULES INCLUDING THE APPLICABLE RULES FOR OBTAINING SPECIFIC PERFORMANCE, RESTRAINING ORDERS AND PRELIMINARY INJUNCTIONS.

31.2 Arbitration. EXCEPT TO THE EXTENT FRANCHISOR SEEKS INJUNCTIVE OR OTHER EQUITABLE RELIEF TO ENFORCE PROVISIONS OF THIS AGREEMENT, AND EXCEPT FOR CONTROVERSIES, CLAIMS OR DISPUTES BASED ON FRANCHISEE'S FAILURE TO PAY ANY FEES DUE HEREUNDER WHEN DUE; FRANCHISEE'S VIOLATION OF ANY HEALTH OR SAFETY LAW; OR FRANCHISEE'S USE OF THE MARKS, ALL CONTROVERSIES, CLAIMS OR DISPUTES BETWEEN FRANCHISOR AND FRANCHISEE ARISING OUT OF OR RELATING TO (I) THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR AND FRANCHISEE, (II) THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR, OR (III) THE SCOPE AND VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR AND FRANCHISEE (INCLUDING THE SCOPE AND VALIDITY OF THE ARBITRATION OBLIGATIONS UNDER THIS SECTION, WHICH FRANCHISOR AND FRANCHISEE ACKNOWLEDGE IS TO BE DETERMINED BY AN ARBITRATOR AND NOT A COURT) SHALL BE DETERMINED BY ARBITRATION WITH THE AMERICAN ARBITRATION ASSOCIATION ("AAA") AT THE OFFICE OF THE AAA CLOSEST TO FRANCHISOR'S PRINCIPAL EXECUTIVE OFFICE ON THE DATE OF SUBMISSION OF THE MATTER TO THE AAA. SUCH ARBITRATION SHALL BE CONDUCTED BEFORE ONE ARBITRATOR CHOSEN IN ACCORDANCE WITH AAA COMMERCIAL ARBITRATION RULES. THE DECISION OF THE ARBITRATOR SHALL BE FINAL AND BINDING UPON ALL PARTIES CONCERNED. SUCH DECISION SHALL BE RENDERED WITHIN 30 DAYS OF THE CLOSE OF THE ARBITRATION HEARING RECORD. THE ARBITRATION PROCEEDING SHALL BE CONDUCTED AT THE OFFICE OF THE AAA CLOSEST TO FRANCHISOR'S PRINCIPAL EXECUTIVE OFFICE ON THE DATE OF SUBMISSION OF THE MATTER TO THE AAA. IN ANY ARBITRATION PROCEEDING, FRANCHISOR AND FRANCHISEE AGREE THAT EACH MUST SUBMIT OR FILE ANY CLAIM WHICH WOULD CONSTITUTE A COMPULSORY COUNTERCLAIM (AS DEFINED BY THE THEN CURRENT RULE 13 OF THE FEDERAL RULES OF CIVIL PROCEDURE) WITHIN THE SAME PROCEEDING AS THE CLAIM TO WHICH IT RELATES. ANY CLAIM NOT SUBMITTED OR FILED AS REQUIRED IS FOREVER BARRED. THE ARBITRATOR MAY NOT CONSIDER ANY SETTLEMENT DISCUSSIONS OR OFFERS THAT MIGHT HAVE BEEN MADE BY EITHER PARTY. FRANCHISOR RESERVES THE RIGHT, BUT HAS NO OBLIGATION, TO ADVANCE FRANCHISEE'S SHARE OF THE COSTS OF ANY ARBITRATION PROCEEDING IN ORDER FOR SUCH ARBITRATION PROCEEDINGS TO TAKE PLACE AND BY DOING SO WILL NOT BE DEEMED TO HAVE WAIVED OR RELINQUISHED FRANCHISOR'S RIGHT TO SEEK THE RECOVERY OF THOSE COSTS IN ACCORDANCE WITH SECTION 32. THE ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THE ARBITRATION PROCEEDING MAY NOT BE CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER PERSON. NOTWITHSTANDING THE FOREGOING OR ANYTHING TO THE CONTRARY IN THIS SECTION OR SECTION 34, IF ANY COURT OR ARBITRATOR DETERMINES THAT ALL OR ANY PART OF THE PRECEDING SENTENCE IS UNENFORCEABLE WITH RESPECT TO A DISPUTE THAT OTHERWISE WOULD BE SUBJECT TO ARBITRATION UNDER THIS SECTION

31.2, THEN ALL PARTIES AGREE THAT THIS ARBITRATION CLAUSE SHALL NOT APPLY TO THAT DISPUTE AND THAT SUCH DISPUTE SHALL BE RESOLVED IN A JUDICIAL PROCEEDING IN ACCORDANCE WITH THIS SECTION 31 (EXCLUDING THIS SECTION 31.2). IN ALL OTHER RESPECTS, THE RULES OF THE AAA AND THE UNITED STATES ARBITRATION ACT SHALL CONTROL. JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATION MAY BE ENTERED IN ANY COURT HAVING COMPETENT JURISDICTION THEREOF.

31.3 **Damages And Timing Of Claims. THE PARTIES AGREE THAT NEITHER PARTY SHALL HAVE THE RIGHT TO RECEIVE OR COLLECT PUNITIVE OR EXEMPLARY DAMAGES FROM THE OTHER PARTY. ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR, OR THE OPERATION OF THE FRANCHISE AND THE BAKERY BROUGHT BY ANY PARTY TO THIS AGREEMENT AGAINST ANOTHER PARTY TO THIS AGREEMENT, SHALL BE COMMENCED WITHIN ONE YEAR FROM THE DISCOVERY OF THE FACTS GIVING RISE TO ANY SUCH CLAIM OR ACTION, OR SUCH CLAIM OR ACTION SHALL BE BARRED; PROVIDED, HOWEVER, THAT THIS TIME LIMITATION SHALL NOT APPLY TO ANY UNPERFORMED FINANCIAL OBLIGATION OF FRANCHISEE TO FRANCHISOR. THE PARTIES UNDERSTAND THAT SUCH TIME LIMIT MAY BE SHORTER THAN OTHERWISE ALLOWED BY LAW. FRANCHISEE AND THE BOUND PARTIES AGREE THAT THEIR SOLE RECOURSE FOR CLAIMS ARISING BETWEEN THE PARTIES SHALL BE AGAINST FRANCHISOR AND ITS SUCCESSORS AND ASSIGNS. FRANCHISEE AND THE BOUND PARTIES AGREE THAT THE OWNERS, DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS OF FRANCHISOR AND ITS AFFILIATES SHALL NOT BE PERSONALLY LIABLE NOR NAMED AS A PARTY IN ANY ACTION BETWEEN FRANCHISOR AND FRANCHISEE AND ANY BOUND PARTY.**

32. COSTS AND ATTORNEYS' FEES

If Franchisor incurs any expenses in connection with Franchisee's failure to pay any amounts it owes when due, submit any required reports when due or otherwise comply with this Agreement, Franchisee agrees to reimburse Franchisor for any of the costs and expenses which Franchisor incurs, including, without limitation, reasonable accounting, attorneys', arbitrators' and related fees.

33. WAIVER

No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Franchisee shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or a different kind; nor shall any delay or omission of Franchisor to exercise any right arising from any such default affect or impair Franchisor's rights as to such default or any future default.

34. SEVERABILITY

If any term, restriction or covenant of this Agreement is deemed invalid or unenforceable, all other terms, restrictions and covenants and the application thereof to all persons and circumstances subject hereto shall remain unaffected to the extent permitted by law; and if any application of any term, restriction or covenant to any person or circumstance is deemed invalid or unenforceable, the application of such terms, restriction or covenant to other persons and circumstances shall remain unaffected to the extent permitted by law.

35. FORCE MAJEURE

Neither Franchisor nor Franchisee will be liable for loss or damage or deemed to be in breach of this Agreement if Franchisor's or Franchisee's failure to perform any obligation results from: (i) transportation shortages, inadequate supply of equipment, products, supplies, labor, material or energy or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (ii) acts of God; (iii) fires, strikes, embargoes, wars or riots; or (iv) any other similar event or cause beyond the control of the affected party. Any delay resulting from any of said causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes will not excuse payments of amounts owed by Franchisee to Franchisor hereunder.

36. DELEGATION BY FRANCHISOR

Franchisor shall have the right to delegate performance of any or all of its obligations and duties hereunder. Franchisee hereby agrees to such delegation.

37. REVIEW OF AGREEMENT

Franchisee acknowledges that it has had a copy of the Franchisor's franchise disclosure document for at least 14 calendar days before signing any franchise or related agreement; or at least 14 calendar days before the payment of any consideration to Franchisor. Franchisee has had the opportunity to have this Agreement and the business offered hereunder reviewed by professionals of Franchisee's choosing before executing this Agreement.

38. NO RIGHT TO SET OFF

Franchisee agrees that it will not set off or withhold payment of any amounts it owes Franchisor on the grounds of Franchisor's alleged nonperformance of any of Franchisor's obligations under this Agreement or for any other reason. Franchisee agrees that all such claims will, if not otherwise resolved, be submitted to arbitration as provided in Section 31.2.

39. CUMULATIVE RIGHTS

The rights granted hereunder are cumulative, and no exercise or enforcement by either party of any right or remedy hereunder will preclude the exercise or enforcement of any other right or remedy to which either Franchisor or Franchisee are entitled.

40. ENTIRE AGREEMENT

This Agreement and any addendum, schedule or exhibit attached hereto contains the entire agreement between the parties hereto relating to the operation of the Bakery and the franchised business and no representations, inducements, promises, agreements, arrangements or undertakings, oral or written, have been made or relied upon by the parties other than those set forth herein. No agreement altering, changing, waiving or modifying any of the terms and conditions of this Agreement shall be binding upon either party unless and until the same is made in writing and executed by all interested parties. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Franchisee to waive reliance on any representation that Franchisor made in its most recent disclosure document (including its exhibits and amendments) that Franchisor delivered to Franchisee or Franchisee's representative.

41. COUNTERPARTS

This Agreement may be signed in multiple counterpart copies, each of which will be deemed an original.

42. FRANCHISEE'S ACKNOWLEDGMENTS

42.1 Success Depends on Franchisee and No Warranties. Franchisee assumes sole responsibility for the operation of the business franchised hereunder and acknowledges that, while Franchisor may furnish advice and assistance to Franchisee from time to time during the term of this Agreement, Franchisor has no legal or other obligation to do so except as specifically set forth herein. In addition, Franchisee acknowledges that Franchisor does not guarantee the success or profitability of the business franchised hereunder in any manner whatsoever and shall not be liable therefor; in particular, Franchisee understands and acknowledges that the success and profitability of the business franchised hereunder depend on many factors outside the control of either Franchisor or Franchisee (such as interest rates, unemployment rates, demographic trends and the general economic climate) and there are significant risks in any business venture, but principally depend on Franchisee's efforts in the operation of the business and the primary factor in Franchisee's success or failure in the business franchised hereunder will be Franchisee's own efforts. IN ADDITION, FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR AND ITS REPRESENTATIVES HAVE MADE NO REPRESENTATIONS OR WARRANTIES TO FRANCHISEE OTHER THAN OR INCONSISTENT WITH THE MATTERS SET FORTH IN THIS AGREEMENT, AND THAT FRANCHISEE HAS UNDERTAKEN THIS VENTURE SOLELY IN RELIANCE UPON THE MATTERS SET FORTH HEREIN AND FRANCHISEE'S OWN INDEPENDENT INVESTIGATION OF THE MERITS OF THIS VENTURE.

42.2 Anti-Terrorism Laws.

(i) Franchisee and its owners agree to comply with and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws. In connection with such compliance, Franchisee and its owners certify, represent, and warrant that none of their property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and its owners are not otherwise in violation of any of the Anti-Terrorism Laws.

(ii) "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States ("Executive Order 13224"), the Terrorism Sanctions Regulation (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances regulations, policies, lists and any other requirements of any governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control, and any other government agency with jurisdiction over the parties to this Agreement and/or their actions) addressing or in any way relating to terrorist acts and/or acts of war.

(iii) Franchisee and its owners certify that none of them, their respective employees, agents, bankers, affiliates or anyone associated with them is listed in the Annex to Executive Order 13224. Franchisee agrees not to hire (or, if already employed, retain the employment of) any individual who is listed in the Annex. (A copy of the Annex can be accessed on the internet at the following address: http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html.)

(iv) Franchisee certifies that it has no knowledge or information that, if generally known, would result in (a) Franchisee, (b) Franchisee's owners, employees, agents, bankers or affiliates or (c) anyone associated with Franchisee to be listed in the Annex to Executive Order 13224.

(v) Franchisee is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities set forth in Section 18 above of this Agreement pertain to Franchisee's obligations under this Section 42.2.

(vi) Any misrepresentation under this Section or any violation of the Anti-Terrorism Laws by Franchisee or Franchisee's owners, agents, bankers, employees and affiliates shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered with Franchisor or an affiliate of Franchisor, in accordance with Section 21.2(xvi) above.

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

CINNAHOLIC FRANCHISING, LLC

By: ____

Name: ______________________________________

Title: _______________________________________

FRANCHISEE:

If an Individual:

Signature: ___________________________________

Printed Name: ________________________________

If other than an Individual:

____

By: ____

Name: ______________________________________

Title: _______________________________________

Exhibit A

Franchised Site, Franchise Territory and Franchise Fee

Franchised Site:____

Franchise Territory:____

Franchise Fee (Section 4):___________________________________

Exhibit B

Personal Covenants

(See Attached)

PERSONAL COVENANTS

Each of the undersigned ("you") agree that:

1. All capitalized terms used but not defined in this Personal Covenants shall have the meaning set forth in that certain CINNAHOLIC FRANCHISING, LLC FRANCHISE AGREEMENT, dated as of the _____ day of ___________________, 20___ (the "Franchise Agreement"), by and between CINNAHOLIC FRANCHISING, LLC ("Franchisor"), and ____("Franchisee").

2. You are a Bound Party.

3. As an inducement to Franchisor to enter into the Franchise Agreement, and in consideration of the direct and personal benefits you will derive from the Franchise Agreement, you agree that: (i) you have read and understand all the provisions of Sections 20.1, 20.2, 20.3 and 31.3 of the Franchise Agreement; (ii) you will be personally bound by all of the obligations and covenants of Franchisee contained in Sections 20.1, 20.2, 20.3 and 31.3 as if such obligations and covenants were made and given personally by you directly to Franchisor; and (iii) such obligations and covenants are fair and reasonable and will not deprive you of your livelihood.

4. If any sentence, clause, paragraph, or combination of any of them in Sections 20.1, 20.2, 20.3 or 31.3 of the Franchise Agreement is held by a court of competent jurisdiction to be unenforceable as applied to you, then such unenforceable sentence, clause, paragraph, or combination may be modified by such court to the extent necessary to render it enforceable, and if it cannot be so modified, it shall be severed and the remainder of Sections 20.1, 20.2, 20.3 and 31.3 shall remain in full force and effect.

5. These personal covenants shall be governed by the internal laws of the State of Georgia, unless the law of your jurisdiction applies as provided for in Section 31.1 of the Franchise Agreement.

The undersigned hereby execute and deliver this instrument effective as of the Effective Date of the Franchise Agreement.

______________________________	______________________________
Signature	Signature
______________________________	______________________________
Print Name	Print Name
Date: ____________________, 20_____	Date: ____________________, 20_____
______________________________	______________________________
Signature	Signature
______________________________	______________________________
Print Name	Print Name
Date: ____________________, 20_____	Date: ____________________, 20_____

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Signature

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Print Name

Date: ____________________, 20_____

Exhibit C

Internet Web Sites and Listings Agreement

(See Attached)

INTERNET WEB SITES AND LISTINGS AGREEMENT

THIS INTERNET WEB SITES AND LISTINGS AGREEMENT (the "Internet Listing Agreement") is made and entered into as of the _____ day of _____________ 20__ (the "Effective Date"), by and between CINNAHOLIC FRANCHISING, LLC, a Georgia Limited Liability Company (the "Franchisor"), and __________________________________ (the "Franchisee").

W I T N E S S E T H:

WHEREAS, Franchisee desires to enter into a CINNAHOLIC FRANCHISING, LLC Franchise Agreement (the "Franchise Agreement"); and

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Internet Listing Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **DEFINITIONS**

All terms used but not otherwise defined in this Internet Listing Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. **TRANSFER; APPOINTMENT**

2.1 Interest in Internet Web Sites and Listings. Franchisee may acquire (whether in accordance with or in violation of Section 15.2 of the Franchise Agreement) during the term of the Franchise Agreement, certain right, title, and interest in and to certain domain names, hypertext markup language, uniform resource locator addresses, and access to corresponding Internet web sites, and the right to hyperlink to certain web sites and listings on various Internet search engines (collectively, the "Internet Web Sites and Listings") related to the Bakery or the Marks (all of which right, title, and interest is referred to herein as "Franchisee's Interest").

2.2 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately direct all Internet Service Providers, domain name registries, Internet search engines, and other listing agencies (collectively, the "Internet Companies") with which Franchisee has Internet Web Sites and Listings: (i) to transfer all of Franchisee's Interest in such Internet Web Sites and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Internet Web Sites and Listings, Franchisee will immediately direct the Internet Companies to terminate such Internet Web Sites and Listings or will take such other actions with respect to the Internet Web Sites and Listings as Franchisor directs.

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Internet Listing Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Internet Listing Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Internet Listing Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

(i) Direct the Internet Companies to transfer all Franchisee's Interest in and to the Internet Web Sites and Listings to Franchisor;

(ii) Direct the Internet Companies to terminate any or all of the Internet Web Sites and Listings; and

(iii) Execute the Internet Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4 Certification of Termination. Franchisee hereby directs the Internet Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.5 Cessation of Obligations. After the Internet Companies have duly transferred all Franchisee's Interest in such Internet Web Sites and Listings to Franchisor, as between Franchisee and Franchisor, Franchise will have no further interest in, or obligations under, such Internet Web Sites and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies for the sums Franchisee is obligated to pay such Internet Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Internet Listing Agreement.

3. MISCELLANEOUS

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Internet Listing Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Internet Listing Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Internet Web Sites and Listings.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Internet Listing Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Internet Listing Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Internet Listing Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Internet Listing Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Internet Listing Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Internet Listing Agreement shall survive the Termination of the Franchise Agreement.

3.8 Joint and Several Obligations. All Franchisee's obligations under this Internet Listing Agreement shall be joint and several

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

CINNAHOLIC FRANCHISING, LLC

By:

Name: ____

Title: ____

FRANCHISEE:

If an Individual:

Signature: _____________________________________

Printed Name: __________________________________

If other than an Individual:

____

By:

Name: ____

Title: ____

Exhibit D

Telephone Listing Agreement

(See Attached)

TELEPHONE LISTING AGREEMENT

THIS TELEPHONE LISTING AGREEMENT (the "Telephone Listing Agreement") is made and entered into as of the _____ day of _________ 20___ (the "Effective Date"), by and between CINNAHOLIC FRANCHISING, LLC, a Georgia Limited Liability Company (hereinafter the "Franchisor"), and ____________________ (the "Franchisee").

W I T N E S S E T H:

WHEREAS, Franchisee desires to enter into a Cinnaholic Franchising, LLC Franchise Agreement (the "Franchise Agreement"); and

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Telephone Listing Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, the parties hereto agree as follows:

1. **DEFINITIONS**

All terms used but not otherwise defined in this Telephone Listing Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. **TRANSFER; APPOINTMENT**

2.1 Interest in Telephone Numbers and Listings. Franchisee has, or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, yellow-page, and other telephone directory listings (collectively, the "Telephone Numbers and Listings") related to the Bakery or the Marks (all of which right, title, and interest is referred to herein as Franchisee's "Interest").

2.2 Transfer. On Termination of the Franchise Agreement, if Franchisor directs Franchisee to do so, Franchisee will immediately direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which Franchisee has Telephone Numbers and Listings: (i) to transfer all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as Franchisor directs.

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Telephone Listing Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, on Termination of the Franchise Agreement, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Telephone Listing Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including, without limitation, this Telephone Listing Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

(i) Direct the Telephone Companies to transfer all Franchisee's Interest in and to the Telephone Numbers and Listings to Franchisor;

(ii) Direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings; and

(iii) Execute the Telephone Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4 Certification of Termination. Franchisee hereby directs the Telephone Companies that they shall accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.5 Cessation of Obligations. After the Telephone Companies have duly transferred all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further Interest in, or obligations under, such Telephone Numbers and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Telephone Companies for the sums Franchisee is obligated to pay such Telephone Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Telephone Listing Agreement.

3. MISCELLANEOUS

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Telephone Listing Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to Franchisee's performance, Franchisee's nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and the directors, officers, shareholders, partners, members, employees, agents, and attorneys of Franchisor and its affiliates, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Telephone Listing Agreement.

3.3 No Duty. The powers conferred on Franchisor under this Telephone Listing Agreement are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Telephone Numbers and Listings.

3.4 Further Assurances. Franchisee agrees that at any time after the date hereof, it will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Telephone Listing Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Telephone Listing Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Telephone Listing Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Telephone Listing Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Telephone Listing Agreement shall survive the Termination of the Franchise Agreement.

3.8 Joint and Several Obligations. All Franchisee's obligations under this Telephone Listing Agreement shall be joint and several.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Telephone Listing Agreement as of the Effective Date.

FRANCHISOR:

CINNAHOLIC FRANCHISING, LLC

By: ______________________________

Name: ______________________________

Title: ______________________________

FRANCHISEE:

If an Individual:

Signature: ______________________________

Printed Name: ______________________________

If other than an Individual:

____

By: ______________________________

Name: ______________________________

Title: ______________________________

Exhibit E

Franchisee Information

1. Franchisee's legal organization (circle one): (a) sole proprietorship; (b) partnership; (c) corporation; (d) limited liability company; or (e) other.

2. If Franchisee is not a sole proprietor, list of all its partners, members or shareholders or others holding any ownership interest in Franchisee:

	Name and address	% interest	Active in Operation of Business? (yes/no)
(a)	____________________ ____________________ ____________________	________	________
(b)	____________________ ____________________ ____________________	________	________
(c)	____________________ ____________________ ____________________	________	________
(d)	____________________ ____________________ ____________________	________	________

3. If Franchisee is not a sole proprietor, list of Franchisee's officers, directors, managers and/or general partners:

	Name	Title
(a)	____________________	____________________
(b)	____________________	____________________
(c)	____________________	____________________
(d)	____________________	____________________

[Signature Appears on Following Page]

The undersigned certifies that all information contained in this Exhibit E is accurate and complete, and agrees to notify Franchisor promptly (and in any case within 15 days) upon any change in the information required to be disclosed in this Exhibit E.

FRANCHISEE:

If an Individual:

Signature:________________________________

Printed Name:_____________________________

If other than an Individual:

____

By:______________________________________

Name:____________________________________

Title:_____________________________________

Exhibit F

Guaranty Agreement

(See Attached)

GUARANTY AGREEMENT

In consideration of, and as an inducement to, the execution by CINNAHOLIC FRANCHISING, LLC ("Franchisor") of that certain Cinnaholic Franchise Agreement, dated ______________, 20___ (as the same from time to time may be amended, modified, extended or renewed, the "Franchise Agreement"), by and between ___________________ ("Franchisee") and Franchisor, the undersigned, for the term of the Franchise Agreement and any extension or renewal thereof, and thereafter until all obligations of Franchisee to Franchisor have been satisfied, jointly and severally, do hereby personally, absolutely, and unconditionally guarantee that Franchisee shall punctually pay and perform each and every undertaking, condition, and covenant set forth in the Franchise Agreement.

Each of the undersigned further waives acceptance and notice of acceptance of the foregoing obligations of Franchisee, notice of demand for payment of any indebtedness or for performance of any obligations hereby guaranteed, and any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition to the liability of the undersigned.

This Guaranty is a guarantee of payment and performance not merely one of collection. Each of the undersigned further consents and agrees that its liability under this Guaranty shall be direct and immediate and joint and several; that the undersigned shall render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so; that such liability shall not be contingent or conditioned upon the pursuit of any remedies against Franchisee or any other person; and that such liability shall not be diminished, relieved or otherwise affected by the extension of time, credit or any other indulgence which Franchisor, its affiliates, successors or assigns may, from time to time, grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, or the release of any one or more of the undersigned hereunder, or the consent to assignment of the Franchise Agreement or any interest in Franchisee, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable throughout the term of the Franchise Agreement and any extension or renewal thereof and thereafter until all obligations of Franchisee to Franchisor have been satisfied.

Until all obligations of Franchisee to Franchisor have been satisfied, the obligations of the undersigned under this Guaranty shall remain in full force and effect without regard to, and shall not be released, discharged or in any way modified or affected by, any circumstance or condition (whether or not the undersigned shall have any knowledge or notice thereof), including, without limitation, any bankruptcy, insolvency, reorganization, composition, liquidation or similar proceeding, with respect to Franchisee or its properties or creditors, or any action taken by any trustee or receiver or by any court in any such proceeding. Each of the undersigned specifically waives any rights that may be conferred upon the undersigned as a guarantor or surety under the applicable law of any state. The remedies provided herein shall be nonexclusive and cumulative of all other rights, powers and remedies provided under the Franchise Agreement or by law or in equity.

The undersigned hereby agree that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder, any term, covenant or condition of the Franchise Agreement may be amended, compromised, released or otherwise altered by Franchisor and the Franchisee and the undersigned do guarantee and promise to perform all of the obligations of the Franchisee under the Franchise Agreement as so amended, compromised, released or altered.

Upon notice from Franchisor that Franchisee has failed to pay monies due and owing to Franchisor under the Franchise Agreement, any and each of the undersigned agree to cure the monetary default within five business days from such notice.

Upon the death of an undersigned, the estate of such undersigned shall be bound by this Guaranty but only for defaults and obligations hereunder existing at the time of death. The obligations of the surviving undersigned shall continue in full force and effect.

The undersigned expressly acknowledge that the obligations hereunder survive the termination of the Franchise Agreement.

Franchisor's failure to enforce all or any portion of its rights under this Guaranty shall not constitute a waiver of its ability to do so at any point in the future.

No delay or failure of Franchisor in the exercise of any right, power, or remedy shall operate as a waiver thereof, and no partial exercise by Franchisor shall preclude any further exercise thereof or the exercise of any other right, power or remedy.

This Guaranty shall be governed by and construed in accordance with the internal laws of the State of Georgia without recourse to Georgia (or any other) choice of law or conflicts of law principles. If, however, any provision of this Guaranty would not be enforceable under the laws of Georgia, and if the business franchised under the Franchise Agreement is located outside of Georgia and the provision would be enforceable under the laws of the state in which the franchised business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Guaranty is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or other doctrine of law of the State of Georgia or any other state, which would not otherwise apply. Any litigation initiated under this Guaranty shall be instituted exclusively at Franchisor's discretion in the most immediate state judicial district and court encompassing Franchisor's headquarters and having subject matter jurisdiction thereof or the United States District Court encompassing Franchisor's headquarters. Each of the undersigned expressly agrees that the undersigned is subject to the jurisdiction and venue of those courts for purposes of such litigation. Each of the undersigned hereby waives and covenants never to assert any claim that the undersigned is not subject to personal jurisdiction in those courts or that venue in those courts is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of *forum non conveniens*).

If Franchisor chooses to proceed against the undersigned under this Guaranty, and Franchisor prevails, the undersigned shall reimburse Franchisor its costs and expenses associated with the proceeding, including its reasonable attorneys' fees, court costs and expenses.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed its signature this__________day of _______________, 20___.

[Signatures Appear on Following Page]

Agreed:
GUARANTORS:

CINNAHOLIC FRANCHISING, LLC

By: ____________________________

__________________________________(SEAL)
Signature

Address:
Name: _____________________________________
Its: ____
Social Security No.:________________________

__________________________________(SEAL)
Signature

Address:
____

____
Social Security No.:________________________

__________________________________(SEAL)
Signature

Address:
____

____
Social Security No.:________________________

__________________________________(SEAL)
Signature

Address:
____

____
Social Security No.:________________________

Exhibit G

State Specific Addenda

(See Attached)

CINNAHOLIC FRANCHISING, LLC
ADDENDUM TO FRANCHISE AGREEMENT
(California)

The following Addendum modifies and supersedes the Cinnaholic Franchising, LLC Franchise Agreement (the "Agreement") with respect to CINNAHOLIC® franchises offered or sold to either a resident of the State of California or a non-resident who will be operating a CINNAHOLIC® franchise in the State of California pursuant to the California Franchise Investment Law §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043, as follows:

1. The first sentence of Section 4 of the Franchise Agreement is deleted in its entirety and replaced with the following:

> Five days after the Franchisee's CINNAHOLIC® Bakery opens for business, Franchisee shall pay to Franchisor an initial franchise fee in an amount set forth on Exhibit A to this Agreement (the "Franchise Fee").

2. If any of the provisions of the Agreement concerning termination and non-renewal of a franchise are inconsistent with either the California Franchise Relations Act or with the federal bankruptcy law (11 U.S.C. §101, et seq.) (concerning termination of the Agreement on certain bankruptcy-related events), then such laws will apply.

3. The Agreement requires that it be governed by Georgia law. This requirement may be unenforceable under California law.

4. Franchisee must sign a general release if Franchisee renews or transfers its franchise. California Corporations Code 31512 voids a waiver of Franchisee's rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of Franchisee's rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

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

6. Franchisor and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier.

7. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Addendum shall govern.

[Signatures Appear on Following Page]

Each of the undersigned hereby acknowledges having read, understood, and executed this Addendum on ______________, 20____.

FRANCHISOR:

CINNAHOLIC FRANCHISING, LLC

By:________________________________

Print Name:_________________________

Title:_______________________________

FRANCHISEE:

If an Individual:

Signature________________________

Print Name:______________________

If other than an Individual:

____

By:_____________________________

Name:___________________________

Title:____________________________

CINNAHOLIC FRANCHISING, LLC
ADDENDUM TO FRANCHISE AGREEMENT
(Illinois)

The following Addendum modifies and supersedes the Cinnaholic Franchising, LLC Franchise Agreement (the "Agreement") with respect to CINNAHOLIC® franchises offered or sold to either a resident of the State of Illinois or a non-resident who will be operating a CINNAHOLIC® franchise in the State of Illinois pursuant to the Illinois Franchise Disclosure Act of 1987, Ill. Comp. Stat. §§ 705/1 through 705/44, as follows:

1) Illinois law governs the Franchise Agreement(s).

2) Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

3) In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However a franchise agreement may provide for arbitration to take place outside of Illinois.

4) Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

5) In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Each of the undersigned hereby acknowledges having read, understood, and executed this Addendum on ________________________, 20____.

FRANCHISOR:

CINNAHOLIC FRANCHISING, LLC

By:_________________________________

Print Name:__________________________

Title:_______________________________

FRANCHISEE:

If an Individual:

Signature_________________________

Print Name:_______________________

If other than an Individual:

____

By:______________________________

Name:____________________________

Title:_____________________________

CINNAHOLIC FRANCHISING, LLC
ADDENDUM TO FRANCHISE AGREEMENT
(Maryland)

The following Addendum modifies and supersedes the Cinnaholic Franchising, LLC Franchise Agreement (the "Agreement") with respect to CINNAHOLIC® franchises offered or sold to either a resident of the State of Maryland or a non-resident who will be operating a CINNAHOLIC® franchise in the State of Maryland pursuant to the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§ 14-201 through 14-233, as follows:

1. The first sentence of Section 4 of the Franchise Agreement is deleted in its entirety and replaced with the following:

All fees shall be deferred pending satisfaction of all of the franchisor's pre-opening obligations to franchisee.

2. The general release language required as a condition of renewal, sale and/or assignment or transfer shall apply except for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Under certain circumstances, the Agreement requires Franchisee to submit to a court proceeding in the State where Franchisor's principal executive office is located. These provisions may run contrary to the Maryland Franchise Registration and Disclosure Law. Therefore, nothing will preclude Franchisee from being able to enter into litigation with Franchisor in Maryland.

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

5. Attached to this Addendum as Schedule 1 is the form of the general release that Franchisee and its owners will sign, as, and if, required by Section 2.2 or Section 19.4 of the Agreement.

6. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

7. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Addendum shall govern.

[Signatures Appear on Following Page]

Each of the undersigned hereby acknowledges having read, understood, and executed this Addendum on _______________________, 20____.

FRANCHISOR:

CINNAHOLIC FRANCHISING, LLC

By:__________________________
Print Name:___________________
Title:________________________

FRANCHISEE:

If an Individual:

Signature:___________________________
Print Name:__________________________
If other than an Individual:
____

By:________________________________
Name:______________________________
Title:______________________________

Schedule 1

General Release

(See Attached)

GENERAL RELEASE

This General Release is made effective this ____ day of _______________ , 20___. In consideration for the grant by CINNAHOLIC FRANCHISING, LLC, a Georgia Limited Liability Company ("CINNAHOLIC®"), to the undersigned of certain rights in connection with the operation of a CINNAHOLIC bakery and/or the transfer or renewal thereof, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned, individually and collectively, hereby unconditionally release, discharge, and acquit CINNAHOLIC, its past and present subsidiaries and affiliates, and its and their shareholders, owners, directors, officers, managers, members, partners, employees, agents, representatives, successors and assigns, from any and all liabilities, damages, claims, demands, costs, expenses, debts, indemnities, suits, disputes, controversies, actions and causes of action of any kind whatsoever, whether known or unknown, fixed or contingent, regarding or arising out of any prior or existing franchise relationship, development agreement, franchise agreement or any other agreement executed by any of the undersigned and CINNAHOLIC (or any subsidiary or affiliate of CINNAHOLIC®), any CINNAHOLIC® Bakery (whether currently or previously owned or operated by the undersigned or any of them), or any other prior or existing business relationship between any of the undersigned and CINNAHOLIC® (or any subsidiary or affiliate of CINNAHOLIC®), which the undersigned or any of them individually or collectively has asserted, may have asserted or could have asserted against CINNAHOLIC® (or any of the aforementioned related parties) at any time up to the date of this General Release, including specifically, without limitation, claims arising from contract, written or oral communications, alleged misrepresentations, and acts of negligence, whether active or passive. This General Release shall survive the assignment or termination of any of the franchise agreements or other documents entered into by and between CINNAHOLIC and any of the undersigned. This General Release is not intended as a waiver of those rights of the undersigned which cannot be waived under applicable state franchise laws nor is it intended to relieve CINNAHOLIC or any other person, directly or indirectly, from liability imposed by the Maryland Franchise Registration and Disclosure Law. This General Release shall be governed by and construed in accordance with the laws of the State of Georgia without regard to its conflicts of law provisions.

WITNESS:	Corporate Name
___________________________________	By:_________________________
	Name: _____________________ Owner
	Title:_________________________
______________________________	

CINNAHOLIC FRANCHISING, LLC
ADDENDUM TO FRANCHISE AGREEMENT
(New York)

The following Addendum modifies and supersedes the Cinnaholic Franchising, LLC Franchise Agreement (the "Agreement") with respect to CINNAHOLIC® franchises offered or sold to either a resident of the State of New York or a non-resident who will be operating a CINNAHOLIC® franchise in the State of New York pursuant to the General Business Law of the State of New York, Article 33, Sections 680 through 695, as follows:

1. Notwithstanding any provision of the Agreement to the contrary, Franchisor will not make any assignment of the Agreement except to an assignee who, in Franchisor's good faith judgment, is willing and able to assume Franchisor's obligations under the Agreement.

2. Notwithstanding any provision of the Agreement to the contrary, all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will 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.

3. Section 18.1 of the Agreement is amended by adding the following to the end of such section:

> The indemnification contained in this Section 18.1 shall not apply to any claim by any third party arising out of a breach of this Agreement by Franchisor or any other civil wrong of Franchisor.

4. No new or different requirements imposed on Franchisee as a result of any changes made by Franchisor to Franchisor's Operations Manual or otherwise shall place an unreasonable economic burden on Franchisee.

5. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the General Business Law of the State of New York are met independently without reference to this Addendum.

6. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Addendum shall govern.

[Signatures Appear on Following Page]

Each of the undersigned hereby acknowledges having read, understood, and executed this Addendum on ______________________, 20____.

FRANCHISOR:

CINNAHOLIC FRANCHISING, LLC

By:_________________________
Print Name:__________________
Title:_______________________

FRANCHISEE:

If an Individual:

Signature:___________________________
Print Name:__________________________
If other than an Individual:
____

By:_______________________________
Name:_____________________________
Title:_____________________________

CINNAHOLIC FRANCHISING, LLC
ADDENDUM TO FRANCHISE AGREEMENT
(Virginia)

The following Addendum modifies and supersedes the Cinnaholic Franchising, LLC Franchise Agreement (the "Agreement") with respect to CINNAHOLIC® franchises offered or sold to either a resident of the State of Virginia or a non-resident who will be operating a CINNAHOLIC® franchise in the State of Virginia pursuant to the Virginia State Corporation Commission's Division of Securities and Retail Franchising requirement for us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement, as follows:

1. The first sentence of Section 4 of the Agreement is deleted in its entirety and replaced with the following:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its preopening obligations under the franchise agreement.

To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Addendum shall govern.

Each of the undersigned hereby acknowledges having read, understood, and executed this Addendum on ________________________, 20____.

FRANCHISOR:	FRANCHISEE:
CINNAHOLIC FRANCHISING, LLC	If an Individual:
By:__________________________ Print Name:___________________ Title:_________________________	Signature: ____________________________ Print Name: ___________________________
	_______________________________________
	By:___________________________________ Name:_________________________________ Title:__________________________________

CINNAHOLIC FRANCHISING, LLC
ADDENDUM TO FRANCHISE AGREEMENT
(Washington)

The following Addendum modifies and supersedes the Cinnaholic Franchising, LLC Franchise Agreement (the "Agreement") with respect to CINNAHOLIC® franchises offered or sold to either a resident of the State of Washington or a non-resident who will be operating a CINNAHOLIC® franchise in the State of Washington pursuant to the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, as follows:

The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business.

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. The undersigned does hereby acknowledge receipt of this addendum.

The undersigned does hereby acknowledge receipt of this Addendum on ______________________, 20____.

FRANCHISOR:

CINNAHOLIC FRANCHISING, LLC

By:_________________________
Print Name:__________________
Title:_______________________

FRANCHISEE:

If an Individual:

Signature:__________________________
Print Name:_________________________
If other than an Individual:
____

By:_______________________________
Name:_____________________________
Title:_____________________________

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EXHIBIT E

STATE SPECIFIC ADDENDA

[SEE ATTACHED]

ADDENDUM REQUIRED BY THE STATE OF CALIFORNIA

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

CALIFORNIA CORPORATIONS CODE SECTION 31125 REQUIRES THAT WE GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE DEPARTMENT OF BUSINESS OVERSIGHT BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

Neither we nor any person or franchise broker identified 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.

Item 5 of this Disclosure Document is amended as follows:

You do not have to pay us the Initial Franchise Fee until 5 days after the opening of your first CINNAHOLIC® Bakery. The California Department of Corporations has imposed this deferral requirement on us because of our financial condition.

The Development Agreement provides for deferral of payment of initial franchise fees until 5 days after the opening of your first CINNAHOLIC® Bakery. The Franchise Agreement provides for deferral of payment of initial franchise fees until 5 days after the opening of CINNAHOLIC® Bakery covered by the Agreement.

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

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

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

We may be limited in the amount of interest we may charge you as discussed in Item 6 of this Disclosure Document. The California Department of Financial Protection and Innovation has asked us to disclose to you that currently the highest interest rate permitted by law in California is 10%.

Item 8 of the Disclosure Document will be supplemented with the following:

You must obtain and maintain during the term of the Franchise Agreement the following insurance policies by carriers approved by us:

1. Insurance required by the terms of any lease for the premises or, if there is no lease, you must carry fire and extended coverage insurance covering the building and all equipment, supplies, products, inventory, furniture, fixtures and other tangible property

located in the Bakery or on the premises in the amount of the full insurable value of the property.

2. Commercial General Liability Insurance, including coverages for products-completed operations, contractual liability, personal and advertising injury, fire damage, medical expenses, and dram shop/liquor liability, having a combined single limit for bodily injury and property damage of $1,000,000 per occurrence and $2,000,000 in the aggregate (except for fire damage and medical expense coverages, which may have different limits of not less than $300,000 for one fire and $5,000 for one person); plus (ii) non-owned automobile liability insurance and, if you own, rent or identify any vehicles with any Mark or vehicles are used in connection with the operation of the Bakery, automobile liability coverage for owned, non-owned, scheduled and hired vehicles having a combined single limit of $1,000,000 per occurrence; plus (iii) excess liability umbrella coverage for the general liability and automobile liability coverages in an amount of not less than $2,000,000 per occurrence and aggregate.

3. Workers' compensation insurance, or a similar policy if the Bakery is located in a non-subscriber state, covering all of your employees as required by law.

4. Adequate limits for comprehensive crime and blanket employee dishonesty insurance.

5. Business interruption and extra expense insurance for a minimum of six months to cover net profits and continuing expenses (including Royalty Fees).

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

The Franchise Agreement and Development Agreement each contain a covenant not to compete which extends beyond the termination of the Franchise Agreement or the Development Agreement. These provisions may not be enforceable under California law.

As discussed in Item 14 of the Disclosure Document, any modifications or improvements that you make to the CINNAHOLIC® franchise system will be deemed a works made for hire which shall be owned exclusively by us. We do not have to compensate you for your modification or improvement based on the terms of the Franchise Agreement and in exchange for us allowing you to use the CINNAHOLIC® franchise system. This may not be enforceable under Copyright law.

As discussed in Item 14 of the Disclosure Document, your spouse, and if you are not an individual, your shareholders, members, partners and managers, as applicable, and their spouses, must sign the Personal Covenants attached to the Franchise Agreement as Exhibit B and the Development Agreement as Exhibit C requiring them to refrain from engaging in competitive businesses. These provisions may not be enforceable under California law.

THE FRANCHISE AGREEMENT CONTAINS A LIQUIDATED DAMAGES CLAUSE. UNDER CALIFORNIA CIVIL CODE SECTION 1671, CERTAIN LIQUIDATED DAMAGES CLAUSES ARE UNENFORCEABLE.

THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT EACH REQUIRE APPLICATION OF THE LAWS OF GEORGIA. THESE PROVISIONS MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW.

THE FRANCHISE AGREEMENT AND THE DEVELOPMENT AGREEMENT EACH REQUIRE BINDING ARBITRATION. THE ARBITRATION WILL OCCUR AT THE OFFICE OF THE AMERICAN ARBITRATION ASSOCIATION CLOSEST TO OUR PRINCIPAL EXECUTIVE OFFICE WITH EACH PARTY RESPONSIBLE FOR ITS OWN COSTS.

YOU 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 PROCEDURES SECTION 1281, AND THE FEDERAL ARBITRATION ACT) TO ANY PROVISIONS OF A FRANCHISE AGREEMENT OR DEVELOPMENT AGREEMENT RESTRICTING VENUE TO A FORUM OUTSIDE THE STATE OF CALIFORNIA.

ADDENDUM REQUIRED BY THE STATE OF ILLINOIS

1) Illinois law governs the Franchise Agreement(s).

2) Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial condition.

3) In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However a franchise agreement may provide for arbitration to take place outside of Illinois.

4) Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

5) In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Each of the undersigned hereby acknowledges having read, understood, and executed this Addendum on _______________________, 20____.

FRANCHISOR:

CINNAHOLIC FRANCHISING, LLC

By:________________________________
Print Name:__________________________
Title:______________________________

FRANCHISEE:

If an Individual:

Signature: ________________________________
Print Name: _______________________________

If other than an Individual:
____

By:______________________________________
Name:_____________________________________
Title:______________________________________

ADDENDUM REQUIRED BY THE STATE OF MARYLAND

Item 5 of this Disclosure Document is amended as follows:

The Franchise Agreement provides for deferral of payment of all initial fees and payments (including the initial franchise fee) pending satisfaction of all of the franchisor's pre-opening obligations to franchisee.

The Development Agreement provides for deferral of payment of the all initial fees and payments (including the Development Fee) due under the Development Agreement pending satisfaction of all of the franchisor's pre-opening obligations to franchisee. For each Bakery opened under the terms of the Development Agreement, the initial franchise fee associated with the Bakery, to the extent any is due and owing, will be paid upon the execution and delivery of the Franchise Agreement covering such Bakery, unless Franchisor's then-current franchise registration filed with the Maryland Securities Division, in existence at the time Developer signs the Franchise Agreement, requires Franchisor to defer or escrow the initial franchise fee and other initial fees and payments due under the Franchise Agreement.

Item 17 of this Disclosure Document is modified as follows:

The general release language required as a condition of renewal, sale and/or assignment or transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

Although the Franchise Agreement and the Development Agreement each require litigation to be instituted in a court in close proximity to our principal executive office, you must institute litigation for violations of Maryland Franchise Registration and Disclosure Law in any court of competent jurisdiction located in the State of Maryland, subject to the arbitration provisions of the Franchise Agreement and the Development Agreement.

The Franchise Agreement and Development Agreement each provide for termination upon your bankruptcy. This provision might not be enforceable under federal bankruptcy law (11. U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

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

To the extent that any provisions of the Development Agreement, Franchise Agreement and/or Franchisee Disclosure Questionnaire require you to assent to any release, estoppel or waiver of liability as a condition to your purchasing a CINNAHOLIC® franchise, such provisions are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

INFORMATION FOR RESIDENTS OF THE STATE OF MICHIGAN

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

(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF

RIGHTS AND PROTECTIONS PROVIDED IN 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 BEFORE THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISIONS 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 FRANCHISED 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 FRANCHISEE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

* * * *

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

* * * *

IF THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED AND SHOW A NET WORTH OF LESS THAN $100,000.00, THE FRANCHISOR MUST, AT THE REQUEST OF THE FRANCHISEE, ARRANGE FOR THE ESCROW OF INITIAL INVESTMENT AND OTHER FUNDS PAID BY THE FRANCHISEE UNTIL THE OBLIGATIONS 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 NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: MICHIGAN DEPARTMENT OF COMMERCE, CORPORATIONS AND SECURITIES BUREAU, 6546 MERCANTILE WAY, P.O. BOX 30222, LANSING, MICHIGAN 48910.

* * * *

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

DEPARTMENT OF THE ATTORNEY GENERAL'S OFFICE
CONSUMER PROTECTION DIVISION
ATTN: FRANCHISE SECTION

670 LAW BUILDING
LANSING, MICHIGAN 48913

ADDENDUM REQUIRED BY THE STATE OF NEW YORK

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 THE FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THE 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, 21ST 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 AS 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 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.

4. 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

5. 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.

ADDENDUM REQUIRED BY THE STATE OF VIRGINIA

Item 5 of this Disclosure Document is amended as follows:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

ADDENDUM REQUIRED BY THE STATE OF WASHINGTON

The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business. Because the Franchisor has material pre-opening obligations with respect to each franchised business the Franchisee opens under the Market Development Agreement the State of Washington will require that the franchise fees be released proportionally with respect to each franchised business.

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. The undersigned does hereby acknowledge receipt of this addendum.

Each of the undersigned hereby acknowledges having read, understood, and executed this Addendum on ______________, 20____.

FRANCHISOR:	FRANCHISEE:
CINNAHOLIC FRANCHISING, LLC	If an Individual:
By:________________________________	
Print Name:_________________________	Signature_________________________
Title:_______________________________	Print Name:_______________________
	If other than an Individual:
	__________________________________
	By:______________________________
	Name:____________________________
	Title:_____________________________

EXHIBIT F

OPEN FRANCHISED BAKERIES AS OF DECEMBER 31, 2020

ALABAMA

Cinnaholic –Hoover
270 Doug Baker Blvd
Birmingham, AL 35242
John Rumore
205-222-3850
jvrumore@gmail.com

ARIZONA

Cinnaholic - Gilbert, AZ
1887 E Williams Field Rd #103
Gilbert, AZ 85295
Aaron Hobbenseifken
562-299-2970
ahobbenseifken@dusd.net

ARKANSAS

Cinnaholic Little Rock
12800 Chenal Parkway
Little Rock AR 72211
Troy Hayes
501-916-2170
cinnaholiclittlerock@gmail.com

CALIFORNIA

Cinnaholic—Berkeley
2132 Oxford St.
Berkeley, CA 94704
(510) 647-8684
Nicole Nuss
Nicolenuss@gmail.com

Cinnaholic – Brea
Brea Gateway Center
101 W Imperial Hwy
Brea, CA 92821
888-530-1666
Phillip Edwards
starskipper@gmail.com

Cinnaholic - Concord, CA
2008 Salvio Street
Concord CA
Cassandra Levy
925-864-6065
Cassandralevy03@gmail.com

Cinnaholic - Corona, CA
2670 Tuscany Street Ste 104
Corona, CA 92881
Sam Petruescu
951-533-2461
worldtelnet@gmail.net

Cinnaholic - Los Angeles CA Echo Park
Mowhawk Collective
2134 W. Sunset Blvd, Suite E,
Los Angeles, CA 90026
Erik Abramson*
213-444-0007
Erik7x@gmail.com

Cinnaholic- San Jose
115 E. San Carlos Street
San Joes, CA 95112
408-648-5888
xicayan@gmail.com

FLORIDA

Cinnaholic - Boca Raton
141 NW 20th St
B-1
Boca Raton, FL 33431
Naomi Cohn*
561-617-7277 (561)
naomicohn@me.com

Cinnaholic - Coral Springs FL
2560 North University Drive
Coral Springs FL 33065
Jess Louis
954-815-9996
jess@legendstavernandgrille.com

GEORGIA

Cinnaholic - Atlanta
Edgewood Shopping Center
1230 Caroline St, Ste B110,
Atlanta, GA 30307
706-284-2606
Tom Franks

Cinnaholic – Dunwoody
Dunwoody Hall Shopping Center
5590 Chamblee Dunwoody Road
Dunwoody GA 30338
Kush Brahmbhatt
229-712-0226
Cinnaholic.dunwoody@gmail.com

Cinnaholic- Peachtree Corners
5131 Peachtree Parkway
Norcross GA 30092
678-580-1649
Rick Haughey
msbakeries@gmail.com

Cinnaholic – Statesboro
355 Brampton Ave.
Statesboro, GA 30458
Michael Boyo
404-702-4132
Michaelboyo52@gmail.com

Cinnaholic - Warner Robbins
810 Georgia 96
Warner Robbins GA 31088
Harikrishna Patel
478-491-2447
galaxyspirits@aol.com

Cinnaholic Valdosta
1609 Norman Drive
Valdosta GA 31601
229-474-4377
Harikrishna Patel
galaxysprits@aol.com

IDAHO

Cinnaholic - Boise
The Villiage at Meridian
3693 E. Longwing Lane, Suite 125
Meridian, ID 83646
Brian Haken
208-899-7040
Haken.brian@q.com

ILLINOIS

Cinnaholic - Naperville, IL
41 West Jefferson Ave
Naperville, IL 60540
Kaleen Barbera
630-999-7312
kaleenbarbera@yahoo.com

Cinnaholic - Shaumburg, IL
1404 East Golf Road
Schaumburg IL 60173
Mark Quiamzon and Liz Morales
630-239-4654
mark@qmedicalgroup.com

MARYLAND

Cinnaholic-Baltimore (The Rotunda)
727 W 40th Street
Suite 137
Baltimore, MD 21211
Navin Patel*
404-449-7300
n83patel@gmail.com

Cinnaholic-Gaithersburg
230 Crown Park Ave
Gaithersburg, MD 20878
Dr. Lauren Rogers
301-963-1200
lrogersmd@verizon.net

NEVADA

Cinnaholic - Pebble Marketplace
1500 North Green Valley Pkwy
Suite 230
Henderson, NV 89074
Aliscia Mazza,*
Marco Albanese
702-971-5000
cinnaholiclv@gmail.com

Cinnaholic - Blue Diamond Ranch Center
4860 Blue Diamond Dr.
Unit 100
Las Vegas, NV 89139
Tel: (702) 248-0095

Cinnaholic - Las Vegas
Centennial Center
7920 W. Tropical Pkwy, Unit 110
Las Vegas, NV 89149
Aliscia Mazza*
702-248-0949
Cinnaholiclv@yahoo.com

Cinnaholic – Las Vegas
The Mall at Grand Canyon
4165 S. Grand Canyon Dr., Ste 103
Las Vegas, NV 89147
(702) 248-0244
Aliscia Mazza*
Aliscia1127@yahoo.com

NEW JERSEY

Cinnaholic - Westfield
18 Elm St
Westfield NJ 07090
Vikas Mittal
480-205-1752
vikas_mittal@uncbusiness.com

NORTH CAROLINA

Cinnaholic - Belmont, NC
915 South Point Rd Suite 5
Belmont, NC 28012
Bailey and Carrie Tanner
704-309-1354
carrie@carrietanner.com

Cinnaholic - Cary, NC
1209 Parkside Main Street
Cary, NC 27519
Vishal Shah
919-673-6052
darbarhospitality@gmail.com

Cinnaholic - Concord Mills, NC
3050 Derita Road
Concord, NC 28027
Melissa Gilley
301-377-4004
bunsofcinnamonllc@gmail.com

Cinnaholic - Indian Trail
Charlotte Sun Valley Shopping Center
6455 Old Monroe Road
Suite F
Indian Trail, NC 28079
Michele Henriquez*
Micha092787@hotmail.es

OKLAHOMA

Cinnaholic - Tulsa OK
7380 South Olympia Ave
Tulsa, OK 74132
Anthony Hoffman
918-313-5556
anthonyhoffman@yahoo.com

PENNSYLVANIA

Cinnaholic – Lancaster (Granite Run)
1573 Manheim Pike
Lancaster, PA 17601
Veronica Risser
717-586-6555
vrisser@alpslaser.com

TENNESSEE

Cinnaholic - Knoxville/Northshore
9450 S. Northshore Dr.
Suite 106
Knoxville, TN 37922
Holly Roe
865-696-8056
hollydroe@gmail.com

Cinnaholic – Pigeon Forge
2655 Teaster Lane
Pigeon Forge, TN 37863
Holly Roe
865-696-8056
hollydroe@gmail.com

TEXAS

Cinnaholic – Addison TX
5100 Belt Line Road
Dallas TX 75254
Sami Alshehabi
469-449-4509
Sami.a6458@gmail.com

Cinnaholic – Cypress, TX
28920 Northwest Freeway8110
Cypress TX 77433
Daniela Diaz
346-379-8110
Danielanavvaro0218@gmail.com

Cinnaholic - El Paso, TX
8889 Gateway Blvd West Ste 1902
El Paso TX 79925
Deborah Hicks
915-491-4611
debihicksjl@gmail.com

Cinnaholic - McKinney TX
8930 State Hwy 121
McKinney TX 75070
Alexandra Loper/Black
210-422-2406
s.polma@gmail.com

Cinnaholic - Pearland, TX
3422 Business Center Drive
Suite 134
Pearland TX 77584
Rohan Patel
713-553-8971
Rohanpatel777@hotmail.com

Cinnaholic - Ft Worth, TX
817 Currie Street
Ft Worth, TX 76107
Keenan Franklin
214-228-2157
Keenan.franklin@fmm-llc.com

Cinnaholic - Richardson
Richardson Heights Shopping Center
100 S. Central Expressway
Unit 15
Richardson, TX 75080
Alexandra Loper/Black
210-422-2406
s.polma@gmail.com

Cinnaholic San Antonio
812 South Alamo Street
San Antonio TX 78205
Ben Reedy
210-437-0200
ben@cinnaholicsa.com

Cinnaholic - Tyler, TX
8934 South Broadway Ave
Tyler TX 75703
Theo Farraj
909-815-5701
theoandcharise@gmail.com

WASHINGTON

Cinnaholic - Seattle/Capitol Hill
816 E. Pike St.
Seattle, WA 98122
Trieva Katsandres
206-854-4227
trieva@hotmail.com

***=Developer**

FRANCHISE AGREEMENTS SIGNED AS OF DECEMBER 31, 2020 BUT NOT YET IN OPERATION

CALIFORNIA

Cinnaholic - Long Beach, CA
James McLean
562-818-3447
jameslovescharleen@yahoo.com

ILLINOIS

Cinnaholic – Chicago/Wicker Park, IL
Steven Lotho
312-566-7285
stevelotho@gmail.com

Cinnaholic—Steamwood IL
Rakesh Patel
847-219-6482
raksunj@gmail.com

MICHIGAN

Cinnaholic—Pickney, MI
Al Verdoni
734-945-7124
a.verdoni@yahoo.com

NEW HAMPSHIRE

Cinnaholic - Nashua
Steven Rancourt
603-635-3269
steve@jngbuilders.com

NEW JERSEY

Cinnaholic—Jackson
Will Troy
732-600-1570
Willtroy81@aol.com

PENNSYLVANIA

Cinnaholic - Bensalem
Jay Kapadia
281-574-2995
Kapadia06@gmail.com

TEXAS

Cinnaholic - Frisco TX
Abdolali Raoufi
214-662-0028
Raoufi11@yahoo.com

***=Developer**

EXHIBIT G

FRANCHISEES WHO HAVE LEFT THE SYSTEM

Restaurants Terminated/Closed or Development Rights Terminated as of December 31, 2020

Franchisee Name	Address	City	State	Zip Code	Phone
Nikhil Patel	2423 Park Avenue	Tustin	CA	92782	310-892-5945
Leo Belkin	3023 Detroit Road	Westlake	OH	44146	261-236-8645
Elisa Tiffee*	2704 E. Southlake Blvd, #102	Southlake	TX	76092	817-749-0246
Trent Blair	358 S. 799 E. Ste. D	SLC	UT	84102	801-554-9387

**** Denotes a developer**

Restaurants Transferred as of December 31, 2020

Former Franchisee Name	Address	City	State	Zip Code	Phone
None.					

Franchisees that have not communicated with us within 10 week of the date of this Disclosure Document

Franchisee Name	Address	City	State	Zip Code	Phone
None.					

*Indicates a franchisee whose rights to develop a Facility(ies) under a Market Development Agreement were terminated.

EXHIBIT H

FINANCIAL STATEMENTS

[SEE ATTACHED]

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

cinnaholic franchsing

Balance Sheet

As of May 31, 2021

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Business checking Advertising account	26,070.00
Loan from SBA	-147,848.00
Primary Business Checking	434,347.83
website dev	2,000.00
Total Bank Accounts	**$314,569.83**
Accounts Receivable	
Accounts Receivable	-10,000.00
Total Accounts Receivable	**$ -10,000.00**
Other Current Assets	
Loan to Franchisee	32,500.00
Prepaid Commissions	570,460.00
Prepaid Commissions ST	78,028.00
Prepaid Expenses	0.00
Shareholder Loans	0.00
Uncategorized Asset	0.02
Total Other Current Assets	**$680,988.02**
Total Current Assets	**$985,557.85**
Other Assets	
Accounts Receivable - Accrual	63,302.00
Inter-Company Receivable Athens	0.00
Notes Receivable - F4 Investments	0.18
Total Other Assets	**$63,302.18**
TOTAL ASSETS	**$1,048,860.03**

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Balance Sheet

As of May 31, 2021

	TOTAL
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Accounts Payable Accrual	2,310.00
Deferred revenues - ST	196,209.00
Direct Deposit Payable	0.00
Loan from On Deck	0.18
Payroll Liabilities	41,871.76
CA PIT / SDI	0.00
CA SUI / ETT	0.00
Federal Taxes (941/944)	0.00
Federal Unemployment (940)	0.00
GA Income Tax	-0.38
GA Unemployment Tax	0.00
Total Payroll Liabilities	**41,871.38**
Total Other Current Liabilities	**$240,390.56**
Total Current Liabilities	**$240,390.56**
Long-Term Liabilities	
Cinnaholic Canada	216,838.04
Deferred Revenues	1,439,456.00
Loan from Canada	0.00
Notes Payable	0.00
Total Long-Term Liabilities	**$1,656,294.04**
Total Liabilities	**$1,896,684.60**
Equity	
Equity Correction Account	12,836.98
Opening Balance Equity	-0.16
Retained Earnings	-944,163.75
Shareholder Distribution - Daryl I Dollinger	-20,250.00
Shareholder Distribution - Florian Radke	-10,000.00
Shareholder Distribution - Spencer Reid	-23,250.00
Shareholder Distributions	-67,000.00
Net Income	204,002.36
Total Equity	**$ -847,824.57**
TOTAL LIABILITIES AND EQUITY	**$1,048,860.03**

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Profit and Loss

January - May, 2021

	TOTAL
Income	
Franchise fees	472,200.00
Franchise Royalties	547,830.62
Refunds-Allowances	6,000.00
Sales	12.13
Total Income	**$1,026,042.75**
GROSS PROFIT	**$1,026,042.75**
Expenses	
Bank Charges	730.16
bank fees	366.00
Bonus	11,549.00
Consulting fee	4,000.00
Dues & Subscriptions	297.00
Franchise sales commission	96,700.00
Insurance	44,253.07
Legal & Professional Fees	5,448.98
marketing	57,823.60
Meals and Entertainment	12.71
National Marketng Fund transfer	93,689.71
Office Expenses	3,962.75
Office rent	10,196.00
Other General and Admin Expenses	90.00
Payroll Expenses	675.00
Taxes	18,488.06
Wages	256,487.80
Total Payroll Expenses	**275,650.86**
Promotional	346.00
QuickBooks Subscription Fees	330.00
recruiter fee	8,000.00
Shipping and delivery expense	142.73
Taxes & Licenses	23,968.00
Training Fee	969.96
Travel EXPENSES	156,315.66
Total Expenses	**$794,842.19**
NET OPERATING INCOME	**$231,200.56**
Other Expenses	
Miscellaneous	27,198.20
Total Other Expenses	**$27,198.20**
NET OTHER INCOME	**$ -27,198.20**
NET INCOME	**$204,002.36**

Cash Basis Friday, June 11, 2021 12:45 PM GMT-04:00 1/1

CINNAHOLIC FRANCHISING LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2020

CINNAHOLIC FRANCHISING LLC
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AKIVA MANNE
CERTIFIED PUBLIC ACCOUNTANT
905 HARRISON STREET ALLENTOWN, PA 18103

INDEPENDENT AUDITOR'S REPORT

To the Members of
Cinnaholic Franchising LLC

We have audited the accompanying financial statements of Cinnaholic Franchising LLC (the "Company") which comprise the balance sheet as of December 31, 2020 and the related statements of operations, changes in members' deficit, and cash flows for the year ended December 31, 2020 and the related notes to financial statements. The financial statements for the year ending December 31, 2019 were audited by other auditors whose report dated June 3, 2020 included an unqualified opinion of those 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.

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 from 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.

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 Cinnaholic Franchising LLC as of December 31, 2020 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Akiva Manne, CPA
April 23, 2021

CINNAHOLIC FRANCHISING LLC
BALANCE SHEETS

	DECEMBER 31 2020	DECEMBER 31 2019
ASSETS		
Current Assets		
Cash	$ 289,898	$ 39,171
Royalties receivable	63,302	21,622
Related party receivable	—	1,800
Due from franchisee	32,500	—
Deferred commissions	78,028	73,043
	463,728	135,636
Deferred commissions-net of current	570,460	475,389
Total Assets	$ 1,034,188	$ 611,025
LIABILITIES AND MEMBERS' (DEFICIT)		
Current Liabilities		
Accounts payable and accrued expenses	$ 2,582	$ 7,518
Related party payable	216,838	248,634
SBA loan payable	3,256	—
Deferred franchise fees	196,209	150,459
	418,885	406,611
SBA loan payable, net of current	145,323	—
Deferred franchise fees, net of current	1,437,456	1,199,453
Members' (Deficit)	(967,476)	(995,039)
Total Liabilities and Members' Deficit	$ 1,034,188	$ 611,025

See notes to financial statements

CINNAHOLIC FRANCHISING LLC
STATEMENTS OF OPERATIONS AND MEMBERS' (DEFICIT)

	YEARS ENDED DECEMBER 31	
	2020	2019
Revenues		
Royalties and advertising fees	$ 734,347	$ 427,844
Franchise fees	264,247	378,050
Marketing fund revenue	191,594	—
Other	18	455
	1,190,206	806,349
Operating Expenses	1,283,726	1,348,502
Loss from Operations	(93,520)	(542,153)
Grant Income - PPP	110,380	—
Net Income (Loss)	16,860	(542,153)
Members' (Deficit) - Beginning	(995,039)	(730,400)
Restatement - Revenue Recognition	—	181,245
Members' Contributions	10,703	96,269
Members' (Deficit) - Ending	$ (967,476)	$ (995,039)

See notes to financial statements

CINNAHOLIC FRANCHISING LLC
STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31	
	2020	2019
Operating Activities		
Net (Loss)	$ 16,860	$ (542,153)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Changes in assets and liabilities		
Royalties receivable	(41,680)	(1,285)
Due from franchisee	(32,500)	—
Note receivable	—	36,068
Related party receivable	1,800	46,307
Deferred commissions	(100,056)	(213,650)
Accounts payable and accrued expenses	(4,936)	(1,152)
Related party payable	(31,796)	(93,733)
Deferred franchise fees	283,753	712,500
	91,445	(57,098)
Financing Activities		
SBA loan proceeds	150,000	—
SBA loan payments	(1,421)	—
	148,579	—
Investing Activities		
Members' contributions	10,703	96,269
	10,703	96,269
Net Increase in Cash	250,727	39,171
Cash - Beginning	39,171	—
Cash - Ending	$ 289,898	$ 39,171

See notes to financial statements

1. THE COMPANY

Cinnaholic Franchising LLC ("the Company") is a Georgia limited liability company that was formed in January 2014 to offer franchises for the operation of a bakery which offers custom gourmet cinnamon rolls and other food products and beverages.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or disbursement of funds.

Franchise Arrangements-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate a Cinnaholic bakery for a specified number of years.

Concentration of Credit Risk-Financial instruments primarily consist of cash and cash equivalents. The balances in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of $ 250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

Use of Estimates-The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

Taxes on Income-The Company has elected to be taxed as a limited liability corporation for federal and state income tax purposes. Income and expenses for the Company pass through directly to the members' and is reported on its individual income tax returns.

3. REVENUE RECOGNITION

In May 2014, the FASB issued a new accounting standard ASU No. 2014-09, *"Revenue from Contracts with Customers (Topic 606)"*, that attempts to establish a uniform basis for recording revenue to virtually all industries' financial statements. The revenue standard's core principle is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. Additionally, the new guidance requires enhanced disclosure to help financial statement users better understand the nature, amount, timing and uncertainty of the revenue recorded.

The new standard changed how the Company records initial franchise fees. Under Legacy GAAP, franchise fees, which are non-refundable, were recognized as income when substantially all services to be performed by the Company and conditions relating to the sale of the franchise were performed or satisfied, which generally occurred when the franchisee commenced operations.

The new standard requires that the franchise fee received from franchisees be allocated to distinct performance obligation. The following services ("distinct performance obligations") are typically provided by the Company prior to the opening of a franchise location.

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

The transaction price attributable to distinct performance obligations are then be recognized as the performance obligations are satisfied. The portion of the franchise fee, if any, that is not attributable to a distinct performance obligation is amortized over the life of the related franchise agreement.

Brokerage and employee commissions paid for the sale of a franchise are also affected by the changes in revenue recognition for franchise fees. Commissions paid are recognized as an expense in the same ratio as franchise fees are recognized as a percentage of the total fee paid. Any unrecognized fees paid are classified as deferred franchise fee expense on the balance sheet.

Upon adoption as of January 1, 2020, the Company recorded a decrease in deferred revenue of $55,088, an increase in prepaid commission of $126,157 and a cumulative adjustment to increase retained earnings by $181,245 on their Balance Sheet.

4. DEFERRED FRANCHISE FEES

In compliance with the Financial Accounting Standards Board ("FASB") new accounting standards for revenue recognition ("Topic 606"), the Company records its non-refundable franchise fees, net of amounts earned based on allowable direct services, as deferred revenues, to be recognized over the life of the franchise agreement. The non-refundable franchise fees received but not yet earned as of December 31, 2020 and 2019, were $1,633,665 and $1,349,912, respectively. Prepaid commissions paid but not expensed as of December 31, 2020 and 2019, were $648,488 and $548,432, respectively.

5. RELATED PARTY TRANSACTIONS

From time to time, the Company receives advances from related parties or companies with common ownership. These advances bear no interest and are payable upon demand. At December 31, 2020 and 2019, the balances due related parties were $196,209 and $248,364, respectively.

From time to time, the Company makes advances to related parties or companies with common ownership. These advances bear no interest and are payable upon demand. At December 31, 2020 and 2019, the balances due related parties were $0 and $1,800, respectively.

6. LOAN PAYABLE SBA

During 2020 the company obtained a note payable of $150,000 from the US Small Business Administration. (SBA) This note is collateralized by assets of the Company, bearing interest at 3.75% with a term of 30 years. Monthly payments of $731 began in August 2020. The balance due to the SBA as of December 31, 2020 totaled $148,579 with upcoming annual payments due as follows:

Due in 2021	$	3,256
Due in 2022		3,280
Due in 2023		3,509
Due in 2024		3,643
Due in 2025		3,782
Thereafter		131,109
	$	148,579

7. COVID-19 AND THE PAYCHECK PROTECTION PROGRAM

The global outbreak of COVID-19 was declared a pandemic by the World Health Organization and a national emergency by the U.S. government in March 2020 and has negatively affected the U.S. economy. The continuing impact on the Company's business has contributed to and may continue to have a material adverse effect on the Company's business, results of operations, financial condition, and cash flows.

During the second quarter of 2020 the Company received an unsecured loan in the amount of $102,380 under the Paycheck Protection Program (the "PPP") plus an EIDL grant of $8,000, which was established under the Coronavirus Aid, Relief, and Economic Security Act ("the CARES Act"). Under the CARES Act loan forgiveness is available for the sum of documented payroll costs, covered rent payments and covered utilities during the measurement period beginning on the date of first disbursement of the PPP loans.

The PPP loan matures five years from the date of the first disbursement of proceeds to the Company and accrues interest at a fixed rate of 1%. Payments are deferred for at least the first six months and payable in 54 equal consecutive monthly installments of principal and interest commencing upon expiration of the deferral period of the PPP loan date.

U.S. GAAP does not contain authoritative accounting standards for forgivable loans provided by governmental entities to a for-profit entity. The Company determined it most appropriate to account for the PPP loan proceeds as an in-substance government grant because the Company has received notice of forgiveness during March 2021. The Company has elected to recognize government grant income separately within other income to present a clear distinction in its financial statements between its operating income and the amount of net income resulting from the PPP loan and subsequent forgiveness.

8. SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been evaluated through April 23, 2021, the date at which the financial statements were made available.

CINNAHOLIC FRANCHISING LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2019

CINNAHOLIC FRANCHISING LLC

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Balance Sheets	**Page 3**
Statements of Operations and Members' (Deficit)	**Page 4**
Statements of Cash Flows	**Page 5**
Footnotes	**Page 6 - 7**

BARRY KNEPPER
CERTIFIED PUBLIC ACCOUNTANT
736 VERONA DRIVE MELVILLE, NEW YORK 11747

INDEPENDENT AUDITOR'S REPORT

To the Members of
Cinnaholic Franchising LLC

We have audited the accompanying financial statements of Cinnaholic Franchising LLC (the "Company") which comprise the balance sheet as of December 31, 2019 and 2018 and the related statements of operations, changes in members' deficit and cash flows for the years ended December 31, 2019 and 2018 and the related notes to 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.

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 from 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.

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 Cinnaholic Franchising LLC as of December 31, 2019 and 2018 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matter of Emphasis

The COVID-19 outbreak in 2020 (see Note 6) has caused business disruption in a variety of industries, markets and geographic regions, which has resulted in considerable uncertainty as to the financial impact and duration, which cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Barry Knepper, CPA
June 3, 2020

CINNAHOLIC FRANCHISING LLC
BALANCE SHEETS

	December-31	
	2019	2018
ASSETS		
Current assets		
Cash	$ 39,171	$ —
Royalties receivable	21,622	20,337
Related party receivables	1,800	48,107
Note receivable-current portion	—	16,592
Deferred commissions	422,275	208,625
	484,868	293,661
Note receivable-net of current portion	—	19,476
Total Assets	$ 484,868	$ 313,137
LIABILITIES AND MEMBERS' DEFICIT		
Current liabilities		
Accrued expenses	$ —	$ 2,803
Payroll accrual	7,518	5,867
Related party payable	248,634	342,367
Deferred franchise fees	1,405,000	692,500
	1,661,152	1,043,537
Members' Deficit	(1,176,284)	(730,400)
Total Liabilities and Members' Deficit	$ 484,868	$ 313,137

See notes to financial statements

CINNAHOLIC FRANCHISING LLC
STATEMENTS OF OPERATIONS AND MEMBERS'(DEFICIT)

	December-31	
	2019	2018
Revenues		
Royalties and advertising fees	$ 427,844	$ 385,171
Franchise fees	378,050	430,000
Other	455	5,605
	806,349	820,776
Operating Expenses	1,348,502	1,202,721
Net Loss	(542,153)	(381,945)
Members' Deficit-Beginning	(730,400)	(226,817)
Members' Contributions (Distributions)	96,269	(121,638)
Members' Deficit-Ending	$ (1,176,284)	$ (730,400)

See notes to financial statements

CINNAHOLIC FRANCHISING LLC
STATEMENTS OF CASH FLOWS

	December-31	
	2019	2018
Operating Activities		
Net (Loss)	$ (542,153)	$ (381,945)
Adjustments to reconcile net (loss) to net cash used by operating activities:		
Changes in assets and liabilities		
Royalties receivable	(1,285)	(9,335)
Prepaid asset	—	3,400
Note receivable	36,068	10,021
Related party receivable	46,307	(48,107)
Deferred sales commissions	(213,650)	318
Accrued expenses	(2,803)	2,803
Payroll accrual	1,651	(6,208)
Related party payable	(93,733)	342,367
Deferred franchise fees	712,500	8,500
	(57,098)	(78,186)
Investing Activities		
Members' contributions (distributions)	96,269	(121,638)
Net Increase (Decrease) in Cash	39,171	(199,824)
Cash-Beginning	—	199,824
Cash-Ending	$ 39,171	$ —

See notes to financial statements

1. THE COMPANY

Cinnaholic Franchising LLC ("the Company") is a Georgia limited liability company that was formed in January 2014 to offer franchises for the operation of a bakery which offers custom gourmet cinnamon rolls and other food products and beverages.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or disbursement of funds.

Franchise Arrangements-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate a bakery which offers custom gourmet cinnamon rolls and other food products and beverages for a specified number of years. At December 31, 2019 and 2018 there were 31 and 24 franchises operating, respectively.

Concentration of Credit Risk-Financial instruments primarily consist of cash and cash equivalents. The balances in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of $ 250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

Use of Estimates-The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

Taxes on Income-The Company has elected to be taxed as a limited liability corporation for federal and state income tax purposes. Income and expenses for the Company pass through directly to the member and is reported on its individual income tax returns.

3. REVENUE RECOGNITION

In accordance with FASB ASC Subtopic 952–06, Franchisors, Revenue Recognition, nonrefundable initial franchise fees paid by franchise owners are recognized as revenue the earlier of when the franchisee commences operations or upon termination of the franchise agreement. Initial franchise fees collected prior to commencing operations are recorded as deferred initial franchise fees.

In May 2014, the FASB issued a new accounting standard ASU No. 2014-09, *"Revenue from Contracts with Customers (Topic 606)"*, that attempts to establish a uniform basis for recording revenue to virtually all industries' financial statements. The revenue standard's core principle is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. Additionally, the new guidance requires enhanced disclosure to help financial statement users better understand the nature, amount, timing and uncertainty of the revenue recorded.

The new standard will change how the Company records initial franchise fees from franchisees, area developer fees and brand development fees. Under Legacy GAAP, franchise fees, which are non-refundable, were recognized as income when substantially all services to be performed by the Company and conditions relating to the sale of the franchise were performed or satisfied, which generally occurred when the franchisee commenced operations.

The new standard requires that the franchise fee received from customers be allocated to each separate and distinct performance obligation. The transaction price attributable to each separate and distinct performance obligation would then be recognized as the performance obligations are satisfied. The portion of the franchise fee, if any, that is not attributable to a distinct performance obligation is amortized over the life of the related franchise agreement. The adoption of the new guidance will also change the reporting of advertising fund contributions from franchisees and the related advertising fund expenditures, which are not currently included in the Statements of Earnings but are reported on the Balance Sheet. The new guidance requires these advertising fund contributions and expenditures to be reported on a gross basis in the Statements of Earnings, which will impact our total revenues and expenses although we do not expect a material impact on net income. The effective date of this new standard has been postponed for one year until audits with years ending after December 15, 2020.

4. NOTE RECEIVABLE

At December 31, 2019 and 2018 there was a note receivable with a balance of $0 and $36,068 from a franchisee, respectively.

5. RELATED PARTY TRANSACTIONS

From time to time, the Company makes advances to related parties or companies with common ownership. These advances bear no interest and are due upon demand. At December 31, 2019 and 2018, the balances due the company were $0 and $48,107, respectively.

From time to time, the Company makes advances to its member or companies with common ownership. These advances bear no interest and are due upon demand. At December 31, 2019 and 2018, the balances due the company were $1,800 and $0, respectively.

From time to time, the Company receives advances from related parties or companies with common ownership. These advances bear no interest and are payable upon demand. At December 31, 2019 and 2018, the balances due related parties were $248,364 and $342,367, respectively.

6. SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been evaluated through June 3, 2020, the date at which the financial statements were made available.

The COVID-19 outbreak, which was declared a worldwide pandemic on March 11, 2020 by the World Health Organization ("WHO"), has caused business disruption in a variety of industries, markets and geographic regions. Such business disruptions, according to some economists may be severe enough to result in a recession. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration and the severity of impact on the Company's business. While the Company expects this matter to impact its business, results of operations, and financial position, the related financial impact cannot be reasonably estimated at this time.

EXHIBIT I

FRANCHISEE DISCLOSURE QUESTIONNAIRE

[SEE ATTACHED]

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, Cinnaholic Franchising, LLC ("we", "us" or "our") and you are preparing to enter into a Development Agreement and Franchise Agreement for the operation of a CINNAHOLIC® franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Development Agreement and/or Franchise Agreement and pay your development and/or franchise fee**. Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

Yes__ No__ 1. Have you received and personally reviewed the Development Agreement, the Franchise Agreement and each exhibit and schedule attached to them?

Yes__ No__ 2. Have you received and personally reviewed the Franchise Disclosure Document ("Disclosure Document") we provided?

Yes__ No__ 3. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes__ No__ 4. Do you understand all the information contained in the Disclosure Document, the Development Agreement and the Franchise Agreement?

Yes__ No__ 5. Have you reviewed the Disclosure Document, the Development Agreement and the Franchise Agreement with a lawyer, accountant or other professional advisor?

Yes__ No__ 6. Have you discussed the benefits and risks of developing and operating a CINNAHOLIC® franchise with an existing CINNAHOLIC® franchisee?

Yes__ No__ 7. Do you understand the risks of developing and operating a CINNAHOLIC® franchise?

Yes__ No__ 8. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?

Yes__ No__ 9. Do you understand we have only granted you a limited territorial protection against us locating another CINNAHOLIC bakery near your Bakery(s) as stated in your Franchise Agreement and that another CINNAHOLIC® franchise or company-owned Bakery may open anywhere outside your limited protected territory?

Yes__ No__ 10. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the production, distribution and sale of food products and other products under the CINNAHOLIC® name or other mark, at any location, other than a CINNAHOLIC® Bakery within your limited protected territory, or by any method of distribution even within your limited protected territory, and these other bakeries or methods of distribution may compete with your CINNAHOLIC® Bakery(s) and adversely affect its sales?

Yes__ No__ 11. Do you understand that the only radius restriction concerning where another franchised or company CINNAHOLIC® Bakery may open is the limited protected territory specified in your Franchise Agreement?

Yes__ No__ 12. Do you understand that most disputes or claims you may have arising out of or relating to the Development Agreement and/or the Franchise Agreement must be litigated in the courts closest to our principal executive office or arbitrated at the office of the American Arbitration Association closest to our principal executive office?

Yes__ No__ 13. Do you understand that you (and your manager if you will employ one full-time) must satisfactorily complete our initial training course before we will allow your CINNAHOLIC® Bakery to open?

Yes__ No__ 14. Has any employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a CINNAHOLIC® franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes__ No__ 15. Has any employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in the Development Agreement and the Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?

Yes__ No__ 16. Has any employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a CINNAHOLIC® franchise will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes__ No__ 17. Do you understand that the Development Agreement and the Franchise Agreement contain the entire agreement between us and you concerning the franchise for the CINNAHOLIC® Bakery, meaning any prior oral or written statements not set out in the Development Agreement or the Franchise Agreement will not be binding?

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

______________________________	______________________________
Signature of Franchise Applicant	Signature of Franchise Applicant
______________________________	______________________________
Name (please print)	Name (please print)
Dated__________________________	Dated__________________________
______________________________	______________________________
Signature of Franchise Applicant	Signature of Franchise Applicant
______________________________	______________________________
Name (please print)	Name (please print)
Dated__________________________	Dated__________________________

<u>Special note for residents of the State of Maryland and franchised businesses located in Maryland</u>: Nothing in this Franchisee Disclosure Questionnaire shall act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

<u>Except for your responses to questions 14, 15, and 16, please explain any negative responses [refer to question number and use additional paper if necessary]:</u>

EXHIBIT J

GENERAL RELEASE

[SEE ATTACHED]

GENERAL RELEASE

This General Release is made effective this ____ day of ______________, 20__. In consideration for the grant by Cinnaholic Franchising, LLC, a Georgia Limited Liability Company ("CINNAHOLIC®"), to the undersigned of certain rights in connection with the operation of a CINNAHOLIC® facility and/or the transfer or renewal thereof, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned, individually and collectively, hereby unconditionally release, discharge, and acquit CINNAHOLIC®, its past and present subsidiaries and affiliates, and its and their shareholders, owners, directors, officers, managers, members, partners, employees, agents, representatives, successors and assigns, from any and all liabilities, damages, claims, demands, costs, expenses, debts, indemnities, suits, disputes, controversies, actions and causes of action of any kind whatsoever, whether known or unknown, fixed or contingent, regarding or arising out of any prior or existing franchise relationship, development agreement, franchise agreement or any other agreement executed by any of the undersigned and CINNAHOLIC (or any subsidiary or affiliate of CINNAHOLIC), any CINNAHOLIC ®facility (whether currently or previously owned or operated by the undersigned or any of them), or any other prior or existing business relationship between any of the undersigned and CINNAHOLIC® (or any subsidiary or affiliate of CINNAHOLIC®), which the undersigned or any of them individually or collectively has asserted, may have asserted or could have asserted against CINNAHOLIC® (or any of the aforementioned related parties) at any time up to the date of this General Release, including specifically, without limitation, claims arising from contract, written or oral communications, alleged misrepresentations, and acts of negligence, whether active or passive. This General Release shall survive the assignment or termination of any of the franchise agreements or other documents entered into by and between CINNAHOLIC® and any of the undersigned. This General Release is not intended as a waiver of those rights of the undersigned which cannot be waived under applicable state franchise laws nor is it intended to relieve CINNAHOLIC® or any other person, directly or indirectly, from liability imposed by the Maryland Franchise Registration and Disclosure Law. This General Release shall be governed by and construed in accordance with the laws of the State of Georgia without regard to its conflicts of law provisions.

WITNESS:

________________________________ By:______________________________

Name:____________________________

Title:_____________________________

____

____

_____________, Individually

____

_____________, Individually

EXHIBIT K

STATE EFFECTIVE DATES/RECEIPTS

[SEE ATTACHED]

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration:

California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

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

State	Effective Date
California	June 29, 2021
Florida	April 23, 2021
Hawaii	
Illinois	April 26, 2021
Indiana	July 1, 2021
Kentucky	May 31, 2017
Maryland	Pending
Michigan	May 6, 2021
Minnesota	
Nebraska	March 21, 2018
New York	July 21, 2021
North Dakota	
Rhode Island	
South Dakota	
Texas	April 23, 2014
Utah	June 3, 2021
Virginia	June 23, 2021
Washington	September 28, 2021
Wisconsin	December 8, 2020

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 provisions of the development agreement, the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Cinnaholic Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. However, some state franchise laws, including New York, require Cinnaholic Franchising, LLC to provide this Disclosure Document to you at the first personal meeting held to discuss the franchise sale or at least 10 business 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.

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

The name, principal business address, and telephone number of each franchise seller offering the franchise is as follows: ____,
____,
1567 Mt. Vernon Road, Suite 112, Atlanta, GA 30338, phone (404) 273-0229.

The issuance date of this Franchise Disclosure Document is April 23, 2021 (except those states listed on Attachment 1 to this Disclosure Document that have a different effective date).

We authorize the respective agents identified on Exhibit A to receive service of process for us in the particular states.

I received a Disclosure Document from Cinnaholic Franchising, LLC dated April 23, 2021, that included the following Exhibits:

A. State Agencies and Administrators and Franchisor's Agents for Service of Process
B. Market Development Agreement
C. Franchise Agreement
D. Operations Manual Table of Contents
E. State Specific Addenda
F. Current Franchisees
G. Franchisees Who Have Left the System
H. Financial Statements
I. Franchisee Disclosure Questionnaire
J. General Release
K. State Effective Dates/Receipts

Dated: ____________________________

If a corporation or LLC:

____
(Name of corporation or LLC)

By:_______________________________________

Its_______________________________________
(Title)

____
(Print Name)

PROSPECTIVE FRANCHISEE:

If an individual:

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

Address of corporation, LLC, or individual(s): ____

____

YOUR COPY- RETAIN FOR YOUR FILES

RECEIPT

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K. State Effective Dates/Receipts

Dated: ____________________________	PROSPECTIVE FRANCHISEE:
If a corporation or LLC:	If an individual:
____________________________ (Name of corporation or LLC)	____________________________ (Signature)
By:____________________________	____________________________ (Print Name)
Its____________________________ (Title)	____________________________ (Signature)
____________________________ (Print Name)	____________________________ (Print Name)
	____________________________ (Signature)
	____________________________ (Print Name)

Address of corporation, LLC, or individual(s): ____________________________

____

OUR COPY- RETURN TO US